# DOCKET

No. 13-1211

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|---|---|
| Title: | Hana Financial. Inc., Petitioner |
| | v. |
| | Hana Bank, et al. |
| Docketed: | April 8, 2014 |
| Linked with 13A805 | |
| Lower Ct: | United States Court of Appeals for the Ninth Circuit |
| Case Nos.: | (11-56678) |
| Decision Date: | November 22, 2013 |

**Questions Presented**

| ~~Date~~ | ~~~~~~~Proceedings and Orders~~~~~~~~~~~~~~~~~~~~ |
|---|---|
| Feb 4 2014 | Application (13A805) to extend the time to file a petition for a writ of certiorari from February 20, 2014 to April 21, 2014, submitted to Justice Kennedy. |
| Feb 7 2014 | Application (13A805) granted by Justice Kennedy extending the time to file until April 7, 2014. |
| Apr 7 2014 | Petition for a writ of certiorari filed. (Response due May 8, 2014) |
| May 8 2014 | Brief of respondents Hana Bank, et al. in opposition filed. |
| May 27 2014 | DISTRIBUTED for Conference of June 12, 2014. |
| May 28 2014 | Reply of petitioner Hana Financial, Inc. filed. (Distributed) |
| Jun 16 2014 | DISTRIBUTED for Conference of June 19, 2014. |
| Jun 23 2014 | Petition GRANTED. |
| Jul 23 2014 | The time to file the joint appendix and petitioner's brief on the merits is extended to and including August 28, 2014. |
| Jul 23 2014 | The time to file respondents' brief on the merits is extended to and including October 20, 2014. |
| Aug 28 2014 | Joint appendix filed. (Statement of costs filed.) |
| Aug 28 2014 | Brief of petitioner Hana Financial, Inc. filed. |
| Sep 4 2014 | SET FOR ARGUMENT on Wednesday, December 3, 2014. |
| Sep 4 2014 | Brief amicus curiae of American Intellectual Property Law Association in support of neither party filed. |
| Sep 22 2014 | Record requested from U.S.C.A. 9th Circuit. |
| Sep 24 2014 | Record received from U.S.C.A. 9th Circuit is electronic and located on PACER. |
| Sep 24 2014 | Record received from U.S.D.C. Central Dist. of CA. The record is electronic and located on PACER. |
| Oct 1 2014 | Record received from U.S.D.C. Central Dist. of CA. 1 Box. Part of this record is SEALED. |

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|---|---|
| Oct 20 2014 | Brief of respondents Hana Bank, et al. filed. |
| Oct 27 2014 | CIRCULATED. |
| Oct 27 2014 | Brief amicus curiae of the United States filed. (Distributed) |
| Oct 27 2014 | Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument filed. |
| Oct 27 2014 | Brief amicus curiae of International Trademark Association filed. (Distributed) |
| Nov 17 2014 | Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument GRANTED. |
| Nov 19 2014 | Reply of petitioner Hana Financial, Inc. filed. (Distributed) |
| Dec 3 2014 | Argued. For petitioner: Paul W. Hughes, Washington, D. C. For respondents: Carlo F. Van den Bosch, Costa Mesa, Cal.; and Sarah E. Harrington, Assistant to the Solicitor General, Department of Justice, Washington, D. C. (for United States, as amicus curiae.) |
| Jan 21 2015 | Adjudged to be AFFIRMED. Sotomayor, J., delivered the opinion for a unanimous Court. |
| Feb 23 2015 | JUDGMENT ISSUED. |
| Feb 27 2015 | Record returned to U.S.D.C. Central District of California Western Division. (1-Box) |

# PETITION FOR WRIT OF CERTIORARI

13-1211

No. 13-

# In the Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

v.

HANA BANK & HANA FINANCIAL GROUP,

*Respondents.*

**On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## PETITION FOR A WRIT OF CERTIORARI

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## QUESTION PRESENTED

To own a trademark, one must be the first to use it; the first to use a mark has "priority." The trademark "tacking" doctrine permits a party to "tack" the use of an older mark onto a new mark for purposes of determining priority, allowing one to make slight modifications to a mark over time without losing priority. Trademark tacking is available where the two marks are "legal equivalents."

The question presented, which has divided the courts of appeals and determined the outcome in this case, is:

Whether the jury or the court determines whether use of an older mark may be tacked to a newer one?

## CORPORATE DISCLOSURE STATEMENT

Hana Financial, Inc., has no parent company, and no publicly held company owns 10% or more of petitioner's stock.

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## PETITION FOR A WRIT OF CERTIORARI

Petitioner, Hana Financial, Inc., respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

## OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-20a) is reported at 735 F.3d 1158. The district court's memorandum opinion and order setting forth its factual findings (App., *infra*, 21a-32a) is unreported, as is its judgment (*id.* at 33a).

## JURISDICTION

The judgment of the court of appeals was entered on November 22, 2013. On February 7, 2014, Justice Kennedy extended the period for filing a petition for a writ of certiorari to and including April 7, 2014. This Court's jurisdiction rests on 28 U.S.C. § 1254(1).

## STATEMENT

This petition presents a significant and recurring question that has divided the circuits: whether the doctrine of trademark tacking is a question of law, to be resolved by a court, or a question of fact, to be resolved by the jury. The court below expressly noted that "[t]his is the subject of a circuit split." App., *infra*, 12a n.5. Applying circuit precedent that holds tacking a question of fact, the court affirmed the jury verdict even while acknowledging that "other courts, which consider tacking a question of law, might reach a different conclusion on these facts." *Id.* at 20a.

A party who owns a trademark may sue another who infringes that mark. To own a mark, a party

must be the first to actually use it; the party that first used a mark is said to have "priority" and the date of the mark's first use is its "priority date." In an infringement action, a defendant may defend the suit by claiming that the trademark is invalid; a showing that the putative trademark owner lacks priority is therefore a defense to an infringement claim.

Because entities sometimes wish to make minor changes to their trademarks, the trademark "tacking" doctrine was developed to permit a party to "tack" its earlier use of a trademark to the later mark. If tacking is permitted, the priority date of the *later* mark becomes the party's first use of the *earlier* mark—which is to say, ownership of the revised mark runs from *first* use of the *initial* mark.

Tacking is permitted only in narrow circumstances where the marks are "legal equivalents." *Van Dyne-Crotty, Inc.* v. *Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). In a seminal case, the mark "AMERICAN MOBILPHONE" with a star and stripe design was held not to be the legal equivalent of the mark "AMERICAN MOBILPHONE PAGING" with an identical star and stripe design. *Am. Paging, Inc.* v. *Am. Mobilphone, Inc.*, 13 U.S.P.Q.2d 2036 (T.T.A.B. 1989), aff'd, 923 F.2d 869 (Fed. Cir. 1990).

Here, petitioner, who owns the federally registered trademark "Hana Financial," sued respondents, arguing that their use of "Hana Bank" infringed its rights. Although respondents began using the mark "Hana Bank" seven years after petitioner first used its mark "Hana Financial," respondents claimed that they actually had priority. Their argument turns on *double* trademark tacking. Respondents argue that they can tack the mark "Hana Over-

seas Korean Club" to the later mark "Hana World Center," and further that "Hana World Center" may be tacked to "Hana Bank."

Following the Ninth Circuit's precedent that trademark tacking is a question of fact, the district court submitted this contention to a jury, which returned a verdict in favor of respondents. The court of appeals affirmed. Although the court acknowledged that a circuit that views this as a question of law would likely reverse the jury's determination here, it held that circuit precedent, which treats tacking as a question of fact, required affirmance.

Because the circuit courts are split on an important legal question, and because the court below erred in a way that controlled the outcome of this case, review by this Court is warranted.

**A. Legal Background.**

The Trademark Act of 1946, also known as the Lanham Act, permits the user of a mark to register it with the Patent and Trademark Office and subsequently claim exclusive use over it. See *KP Permanent Make-Up, Inc.* v. *Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004). Two principles of trademark law are at issue here: trademark infringement, and trademark priority.

1. The holder of a registered mark may bring "a civil action against anyone employing an imitation of it in commerce when 'such use is likely to cause confusion, or to cause mistake, or to deceive.'" *KP Permanent Make-Up*, 543 U.S. at 117 (quoting 15 U.S.C. § 1114(1)(a)). Under this standard, a party may infringe the trademark of another by using a *similar* mark where there is a "the likelihood of confusion," regardless of whether the infringer uses a mark that

is *identical* to the registered mark. *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992). Were the rule otherwise, trademark protection would be rendered hollow, as it would be limited to the literal terms of the mark and nothing more. See 4 McCarthy on Trademarks and Unfair Competition § 23:76 (4th ed. 2014).

2. To have a protected interest in a trademark, a party must be the first to actually use it. "The basic rule of trademark ownership in the United States is priority of use;" "[f]or inherently distinctive marks, ownership goes to the first entity to use the designation as a mark." 2 McCarthy on Trademarks and Unfair Competition § 16:1 (4th ed. 2014). See also *United Drug Co.* v. *Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918) ("Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question.").

Because the first use of a trademark is critical to ownership of it, courts have recognized a narrow doctrine—called trademark tacking—that permits the owner of a trademark to make minor changes to the mark without losing priority. See 1-3 Gilson on Trademarks § 3.03[g] (2013).

The test for trademark tacking is whether the old mark and the new one are "legal equivalents." *Van Dyne-Crotty*, 926 F.2d at 1159. See also *George & Co.* v. *Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Brookfield Commc'ns, Inc.* v. *W. Coast Entm't Corp.*, 174 F.3d 1036, 1047-1048 (9th Cir. 1999); *Data Concepts, Inc.* v. *Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998). In addition, to take advantage of the tacking doctrine a party must demonstrate "continuity." 3 McCarthy on Trade-

marks and Unfair Competition § 17:26 (4th ed. 2014). That is, "the marks must create the same, continuing commercial impression." *Van Dyne-Crotty*, 926 F 2d at 1159 (quotation omitted).

The tacking doctrine is a narrow one: "A consistent theme throughout the tacking cases is that the tacking doctrine should be sparingly applied and allowed only in 'rare instances.'" 1-3 Gilson on Trademarks § 3.03[2][g]. Examples illustrate the narrowness of the doctrine. The mark "AMERICAN MOBILPHONE" with a star and stripe design was held not to be the legal equivalent of the mark "AMERICAN MOBILPHONE PAGING" with an identical star and stripe design:

*Am. Paging, Inc.* v. *Am. Mobilphone, Inc.*, 13 U.S.P.Q.2d 2036 (T.T.A.B. 1989), aff'd, 923 F.2d 869 (Fed. Cir. 1990). Likewise, the mark "CLOTHES THAT WORK. FOR THE WORK YOU DO" was held not to be the legal equivalent of, and thus was not permitted to achieve priority for, the mark "CLOTHES THAT WORK." *Van Dyne-Crotty*, 926 F.2d at 1158-1159. And "dci" was not the legal equivalent of "DCI.com." *Data Concepts*, 150 F.3d at 623-624. In contrast, one of "the few reported cases allowing tacking" (*One Indus., LLC* v. *Jim O'Neal Distrib., Inc.*, 578 F.3d 1154, 1161 (9th Cir. 2009)), permitted a company to tack the use of "Hess's" onto "Hess." See *Hess's of Allentown, Inc.* v. *Nat'l Bellas Hess, Inc.*, 169 U.S.P.Q. 673, 674-675 (T.T.A.B. 1971).

In this way, the trademark tacking doctrine is different from and applied more narrowly than the

"likelihood of confusion" standard that governs the infringement inquiry. "Legal equivalence for tacking purposes does not exist simply because the two marks a party seeks to tack are 'confusingly similar'" (*Data Concepts*, 150 F.3d at 623); instead, the tacking "standard is considerably higher than the standard for 'likelihood of confusion.'" *Brookfield*, 174 F.3d at 1048. See also *Van Dyne-Crotty*, 926 F.2d at 1159 ("[F]or the purposes of 'tacking,' even if the two marks are confusingly similar, they still may not be legal equivalents.").

**B. Factual Background.**

Respondent is a Korean financial institution that was established in 1971 as the Korea Investment Finance Corporation. App., *infra*, 4a. It changed its name in 1991 to Hana Bank ("the Bank"); the word pronounced as "hana" means, in Korean, "number one," "first," "top," or "unity." *Ibid.*[1] At that time, the Bank had no operations in the United States. *Ibid.* Petitioner Hana Financial, Inc. ("HFI") was incorporated in 1994 as a California corporation. *Ibid.*

The following events underlie this dispute:

- **May 1994:** the Bank establishes the "Hana Overseas Korean Club" to provide financial services to Korean expatriates residing in the United States. App., *infra*, 5a.
- **July 1994:** the Bank first advertises in the United States, using the English words "HANA Overseas Korean Club." *Ibid.*
- **August 1994:** HFI incorporates. *Id.* at 4a.

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[1] Hana Financial Group is the Bank's holding company. App., *infra*, 4a n.1.

- **1995:** HFI begins using its trademark "Hana Financial" in commerce. *Id.* at 6a.
- **1996:** HFI obtains a federal trademark registration for a pyramid logo with the words "Hana Financial." *Ibid.*
- **2000:** The Bank changes the name of the Hana Overseas Korean Club to "Hana World Center." *Id.* at 6a-7a.
- **2001:** The Bank attempts to register its "Hana Bank" trademark, but is denied, in part, due to HFI's "Hana Financial" mark. *Id.* at 7a.
- **2002:** Notwithstanding the failure to register its trademark, the Bank begins to operate in New York under the name "Hana Bank." *Ibid.*

### C. Proceedings Below.

In 2007, after respondents announced their intention to begin operations in California, petitioner HFI initiated this proceeding, contending that respondents' use of "Hana Bank" infringed its "Hana Financial" mark. App., *infra*, 7a.

Respondents defended the suit by claiming, in part, that their use of "Hana Bank" has priority over petitioner's "Hana Financial" mark. App., *infra*, 7a. This claim turns on trademark tacking: although it is undisputed that petitioner first used "Hana Financial" in 1995, seven years prior to respondent's use of "Hana Bank," respondents claim that they can trace the use of "Hana Bank" to 1994. Respondents' argument turns on *double* tacking: they seek to tack their use in 1994 of "Hana Overseas Financial Club" to their use in 2000 of "Hana World Center," which they

in turn seek to tack to their 2001 use of "Hana Bank."

1. Ultimately, petitioner's infringement claim, along with respondents' tacking-based priority defense, was submitted to a jury.[2] Following the close of respondents' case, petitioner sought a directed verdict on the priority issue. App., *infra*, 8a. The court denied that motion (*id.* at 28a) and entered judgment in favor of respondents. *Id.* at 33a. Petitioner renewed its argument in a motion for judgment as a matter of law and motion for a new trial, which the district court also denied. *Id.* at 9a.

2. The Ninth Circuit affirmed. App., *infra*, 1a-20a. As the court explained, the critical issue here is whether "the Bank could 'tack' its use of its present 'Hana Bank' mark to its use of the ['Hana Overseas Korean Club'] mark beginning in 1994." *Id.* at 10a.

In reviewing the case, the court adhered to Ninth Circuit precedent that treats tacking as a question of fact. App., *infra*, 12a. The court expressly noted, however, that "[t]his is the subject of a circuit split." *Id.* at 12a n.5.

The court's treatment of the tacking as a question of fact, rather than a question of law, determined the outcome of this case. The court candidly noted that "the words 'Hana Overseas Korean Club,' 'Hana World Center,' and 'Hana Bank' seem aurally and visually distinguishable." App., *infra*, 15a. It was not "clear from their names that these entities offer

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[2] On the issue of trademark priority, the district court initially granted summary judgment to respondent, but the court below reversed and remanded. App., *infra*, 7a. The jury trial followed.

the same services." *Id.* at 15a-16a. Thus, in the court of appeals' view, "other courts, which consider tacking a question of law, might reach a different conclusion on these facts." *Id.* at 20a.

But because the court below considered this a question of *fact*, it was bound to affirm. App., *infra*, 20a. Thus, reviewing the record, the court concluded that "the jury could reasonably conclude that throughout the time period at issue, the ordinary purchasers of these services had the continuous impression that the advertised services were being offered by the Bank and that there were no material differences between the marks." *Id.* at 18a. In the court of appeals' view, that was enough to make the verdict a fairly debatable one and, under the highly deferential standard applied to review of jury verdicts, invulnerable to attack on appeal. Under this test, petitioner did not prevail below simply because it could not "show that its interpretation of the evidence is the *only* reasonable one." *Id.* at 16a.

## REASONS FOR GRANTING THE PETITION

Whether trademark tacking is permissible—which turns on whether two marks are so similar that they qualify as "legal equivalents"—presents a legal question. Two courts of appeals, as well as the Trademark Trial and Appeal Board, the specialized trademark tribunal in the Patent & Trademark Office, have held so expressly.

The Ninth Circuit's contrary conclusion, which admittedly puts it at odds with two other circuits, distorts the nature of the trademark tacking doctrine. It would seem apparent that an inquiry into the existence of "legal equivalents" is legal in character. At the same time, treating the tacking inquiry as

one of law gives a central place to the role of precedent in resolving trademark disputes and, thus, enhances the predictability of the tacking inquiry—a matter of considerable importance in setting the rules that govern allocations of intellectual property.

It is broadly accepted that the mark "AMERICAN MOBILPHONE" is not the legal equivalent of "AMERICAN MOBILPHONE PAGING," the mark "CLOTHES THAT WORK. FOR THE WORK YOU DO" is not the legal equivalent of "CLOTHES THAT WORK," and the mark "dci" is not the equivalent of "DCI.com." There are scores of other, similar cases.

Here, however, by placing the tacking decision in the hands of the jury, the Ninth Circuit found itself powerless to disturb the conclusion that "Hana Overseas Financial Club" is the legal equivalent of "Hana World Center," which in turn is the legal equivalent of "Hana Bank." As the Ninth Circuit appeared to acknowledge, the same result would not be tolerated in a circuit that treats tacking as a question of law. Looking to the substantial precedent construing the limits of tacking, those courts would plainly find tacking unavailable in these circumstances. The approach taken by the Ninth Circuit thus is both plainly wrong and irreconcilable in a meaningful way with the standard applied in other circuits.

And the question presented is of broad practical importance. Trademark tacking is litigated with frequency throughout the country, and whether the doctrine sounds in fact or law is a question that necessarily arises in every case. The existing split among the circuits enables substantial gamesmanship, as the Lanham Act provides litigants significant opportunity to steer cases to particular forums.

This Court, accordingly, should grant certiorari to resolve the disagreement among the circuits and thus restore uniformity to a question of great practical significance.

### A. The Circuits Are Divided On The Question Presented.

The disagreement among the circuits is well-recognized and persistent. The court below expressly noted that the question presented "is the subject of a circuit split." App., *infra*, 12a n.5. Likewise, district courts observe the divide with regularity; a court recently observed that "[i]t is no secret that there is a circuit split on the issue." *Louangel, Inc.* v. *Darden Rests., Inc.*, 2013 WL 1223653, at *1 (S.D. Tex. 2013). See also *Reynolds Consumer Prods., Inc.* v. *Handi-Foil Corp.*, 2014 WL 794277, at *3 (E.D. Va. 2014) ("Courts hold opposing views as to whether tacking is a question of fact or law."); *Colonial Elec. & Plumbing Supply of Hammonton, LLC* v. *Colonial Elec. Supply, Ltd.*, 2007 WL 4571105, at *10 n.15 (D.N.J. 2007) ("There is a dispute among the circuits as to whether tacking is an issue of law or fact."). The leading treatises also note the disagreement among the circuits. 3 McCarthy § 17:26; 1-3 Gilson on Trademarks § 3.03[2][g][i]. Such inconsistency on an important matter of federal law should be intolerable.

#### *1. The Sixth and Federal Circuits, as well as the Trademark Trial and Appeal Board, consider trademark tacking a question of law.*

To begin with, the Federal Circuit has long held that trademark tacking presents a question of law to be resolved by a court. In *Van Dyne-Crotty*, 926 F.2d

at 1159, the Federal Circuit concluded that whether two marks "constitute legal equivalents is a legal determination." And the Federal Circuit continues to apply that rule. See, *e.g.*, *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1347 (Fed. Cir. 2001) ("[w]hether marks are legal equivalents is a question of law").

The Sixth Circuit likewise holds that "[w]hether a later mark is the legal equivalent of an earlier one is a question of law." *Data Concepts*, 150 F.3d at 623. This approach stems from the court's recognition that the underlying test is a "determination of legal equivalence." *Ibid.*

Finally the Trademark Trial and Appeal Board (TTAB)[3] also holds that "[t]acking is a question of law." *The Wet Seal, Inc.* v. *FD Mgmt., Inc.*, 82 U.S.P.Q.2d 1629 (T.T.A.B. 2007). See also *Eyal Balle* v. *Children's Apparel Network, Ltd.*, 2012 WL 6654113, at *3 (T.T.A.B. 2012) ("Whether one mark is the legal equivalent of the other for tacking purposes is a legal determination rather than a factual one.").

*2. The Ninth Circuit holds trademark tacking a question of fact.*

The Ninth Circuit, by contrast, treats tacking as a question of fact that is resolved by the jury. In *Quiksilver, Inc.* v. *Kymsta Corp.*, 466 F.3d 749, 759

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[3] The TTAB is an administrative court in the Patent & Trademark Office that hears certain adversary proceedings regarding trademarks and serves as an appellate court for denials of trademark registrations. As we explain below (see *infra*, pages 16-19), the TTAB's rule means that the divergent approaches taken by the courts of appeals provide substantial opportunity for forum shopping and gamesmanship.

(9th Cir. 2006), the court noted that "[w]hether tacking is an issue of law or fact is a matter of first impression in this circuit," and it further observed that "the Federal Circuit and the Sixth Circuit * * * both consider tacking a legal question for the court." The court, however, expressly rejected those holdings. *Ibid.*

In doing so, the court looked to "the analogous consideration of likelihood of confusion"—the standard that is used to determine trademark infringement. *Quiksilver*, 466 F.3d at 759. Because the Ninth Circuit has viewed this "as a factual question," the court concluded that "whether tacking applies should also be analyzed as a question of fact." *Ibid.*

The Ninth Circuit has continued to apply this approach. In *One Industries*, 578 F.3d at 1160, the court noted that "[t]acking is a question of fact," and it proceeded to analyze the case accordingly.

And, of course, the court below expressly applied that rule to resolve this case: "tacking presents a question of fact." App., *infra*, 12a n.5. The court recognized that the relevant marks "seem aurally and visually distinguishable." *Id.* at 15a. While this would have resolved the matter in the Sixth and Federal Circuits, as well as in the TTAB, the Ninth Circuit, viewing the matter as one of fact, considered a broad variety of other material in holding that the jury verdict could not be overturned. *Id.* at 15a-19a.

There accordingly is no prospect for resolution of this conflict absent intervention by this Court.[4]

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[4] District courts outside these three circuits have similarly divided. Some hold tacking is a question of law. See, *e.g.*, *Reynolds Consumer Prods.*, 2014 WL 794277, at *3; *Gaffrig*

### B. The Question Presented Is Important.

The question presented requires resolution. It is undeniable that trademark tacking is litigated with frequency throughout the Nation. Moreover, because the Lanham Act often allows litigants to elect their forum, disparity in the approach taken to the question presented permits parties to engage in significant gamesmanship. Certiorari is warranted to restore national uniformity to litigation under the Lanham Act.

1. Trademark tacking is often litigated throughout the United States, and in every case in which it arises a court must decide, either expressly or implicitly, whether the issue is a question of fact or of law. As we have shown, the lower courts often address the question presented. See *supra*, 13 n.4.

And questions of trademark tacking have been presented in scores of other cases, too; the frequency with which the issue arises thus warrants definitive resolution of the question presented by this Court. See, *e.g.*, *Sunstar, Inc.* v. *Alberto-Culver Co.*, 586 F.3d 487, 496 (7th Cir. 2009); *George & Co.*, 575 F.3d

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*Performance Indus., Inc.* v. *Livorsi Marine, Inc.*, 2001 WL 709483, at *8 (N.D. Ill. 2001); *ICON Solutions, Inc.* v. *IKON Office Solutions, Inc.*, 1998 WL 314672 (E.D. Pa. 1998); *Advance Stores Co.* v. *Refinishing Specialties, Inc.*, 948 F. Supp. 643 (W.D. Ky. 1996), aff'd, 188 F.3d 408 (6th Cir. 1999).

Others, however, treat it as a question of fact. See, *e.g.*, *Louangel*, 2013 WL 1223653, at *2; *Specht* v. *Google Inc.*, 758 F. Supp. 2d 570, 583 (N.D. Ill. 2010); *Adventis, Inc.* v. *Consol. Prop. Holdings, Inc.*, 2006 WL 1134129, at *4 (W.D. Va. 2006); *Patterson* v. *World Wrestling Entm't, Inc.*, 2006 WL 273527, at *17 (E.D. Wis. 2006); *Navistar Int'l Trans. Corp.* v. *Freightliner Corp.*, 49 U.S.P.Q.2d 1116 (N.D. Ill. 1998).

at 402; *Fifth Ave. of Long Island Realty Assocs.* v. *Caruso Mgmt. Co.*, 718 F. Supp. 2d 292, 307-308 (E.D.N.Y. 2010); *Hansen Beverage Co.* v. *Cytosport, Inc.*, 2009 WL 5104260, at *5 (C.D. Cal. 2009); *Miyano Mach. USA, Inc.* v. *MiyanoHitec Mach., Inc.*, 576 F Supp. 2d 868, 882 (N.D. Ill. 2008); *Children's Legal Servs. PLLC* v. *Kresch*, 2008 WL 1901245, at *1 (E.D. Mich. 2008), aff'd, 2009 WL 1868809 (6th Cir. 2009); *AB Electrolux* v. *Bermil Indus. Corp.*, 481 F. Supp. 2d 325, 331 n.19, 332 (S.D.N.Y. 2007); *Colonial Elec. & Plumbing Supply*, 2007 WL 4571105, at *9; *Patterson* v. *World Wrestling Entm't, Inc.*, 2006 WL 273527, at *18 (E.D. Wis. 2006).

In addition to litigation in district courts, trademark tacking is frequently at issue in the Trademark Trial and Appeal Board. See, *e.g.*, *Wolverine Outdoors, Inc.* v. *Marker Volkl (Int'l) GMBH*, 2013 WL 5655832, at *10 (T.T.A.B. 2013); *Eyal Balle*, 2012 WL 6654113; *Mfrs. Tech. Insts., Inc.* v. *Pinnacle Coll., LLC*, 2011 WL 4871873, at *2 (T.T.A.B. 2011); *Cake Divas* v. *Jones*, 2011 WL 810224, at *6 (T.T.A.B. 2011); *Anthony's Pizza & Pasta Int'l, Inc.* v. *Anthony's Pizza Holding Co.*, 95 U.S.P.Q.2d 1271 (T.T.A.B. 2009), aff'd, 415 F. App'x 222 (Fed. Cir. 2010) (per curiam); *Univ. of Southern Carolina* v. *Univ. of South Carolina*, 2008 WL 3333839, at *26 (T.T.A.B. 2008), aff'd, 367 F. App'x 129 (Fed. Cir. 2010); *Prairie Island Indian Cmty.* v. *Treasure Island Corp.*, 2008 WL 2385969 (T.T.A.B. 2008); *Target Brands, Inc.* v. *Gottlieb*, 2008 WL 2385978 (T.T.A.B. 2008); *Tantra One LLC* v. *Titas Inc.*, 2008 WL 1963600 (T.T.A.B. 2008); *Wrangler Apparel Corp.* v. *Quicksilver, Inc.*, 2008 WL 853836 (T.T.A.B. 2008); *Innovative Fitness Consultants Inc.* v. *Rickett*, 2007 WL 2344670 (T.T.A.B. 2007); *The Wet Seal*, 82 U.S.P.Q.2d 1629;

*Diners Club Int'l Ltd.* v. *Rosenbluth Int'l, Inc.*, 2004 WL 2619571 (T.T.A.B. 2004).

The frequent recurrence of trademark tacking litigation thus justifies this Court's intervention. That is particularly so because, so far as we are aware, this Court has never addressed the tacking doctrine. This case provides a vehicle for the Court to squarely resolve the question presented, and in so doing to provide significant guidance to the lower courts as to the contours of trademark tacking doctrine.

2. Not only is the question presented one of frequent occurrence, but the disagreement among the circuits permits substantial opportunity for gamesmanship in Lanham Act litigation. Resolving this case will eliminate the ability of parties to exploit differing approaches to this question for tactical advantage.

*First*, the disagreement between the circuits enables forum shopping. The venue provision of 28 U.S.C. § 1391, which controls trademark disputes under the Lanham Act, is broadly permissive. Courts often view the reach of allowable venue in a trademark dispute as coextensive with personal jurisdiction over the defendant. See, *e.g.*, *Telebrands Corp.* v. *martFIVE, LLC*, 2013 WL 4675558 (D.N.J. 2013).

A party that has a weak argument for tacking will typically prefer a forum that treats the issue as a question of fact. As this case illustrates, when trademark tacking is submitted to a jury, a weak case—one that no court would approve as a matter of law—may nonetheless prove successful. And, if it is considered a question of fact, that decision will be difficult to reverse on appeal. The split in the cir-

cuits, accordingly, permits parties to choose forum for tactical advantage.

*Second*, the existence of this circuit split enables additional, significant opportunity for gamesmanship given the intersection between administrative remedies before the Patent and Trademark Office (PTO) and federal court litigation.

The PTO registers marks for protection under the Lanham Act. If the PTO determines that a mark is entitled to registration, a third party may bring an "opposition" proceeding to challenge the registration before it issues. 15 U.S.C. § 1063. Alternatively, after a mark has been registered, a third party may pursue a "cancellation" action. *Id.* § 1064. Both kinds of proceeding are heard by the TTAB. See Trademark Trial and Appeal Board Manual of Procedure § 102.02 (3d ed. 2013). Additionally, the TTAB has jurisdiction over *ex parte* appeals involving the PTO's denial of an application to register a mark. *Ibid.*

But a proceeding before the TTAB is not the exclusive mechanism for a party to challenge the validity of a mark; a party may alternatively seek relief in district court. Under 15 U.S.C. § 1119, "district courts have concurrent jurisdiction with the United States Patent and Trademark Office to order the cancellation of federal trademark registrations." *Monster Daddy, LLC* v. *Monster Cable Prods., Inc.*, 2013 WL 5467854, at *13 (D.S.C. 2013).

A cancellation claim, accordingly, often may be pursued in either the TTAB or district court. See *Ditri* v. *Coldwell Banker Residential Affiliates, Inc.*, 954 F.2d 869, 873 (3d Cir. 1992). Litigants may thus exploit for tactical advantage the different approaches taken to the question presented: If a litigant initi-

ates an opposition or a cancellation proceeding in the TTAB, tacking will be adjudicated as a matter of law (see *supra*, page 12); a cancellation claim (or counterclaim) brought in some district courts (including every court in the Ninth Circuit) will, by contrast, be submitted to a jury as a question of fact. The disagreement as to the question presented, accordingly, presents substantial opportunity to manipulate outcomes by strategic choice of forum.

And there is yet an additional mechanism by which parties may use the circuit split to game the system: a losing party before a TTAB proceeding may appeal to *either* the Federal Circuit *or* a district court. See 15 U.S.C. § 1071(a) (permitting appeal of TTAB decision to the Federal Circuit); *id.* § 1071(b) (permitting appeal of TTAB decision to a district court). If an aggrieved party elects to pursue an appeal in the Federal Circuit, an adverse party may nonetheless require the appeal to be brought in a district court. *Id.* § 1071(a)(1). In short, an appeal may proceed in the Federal Circuit only by "mutual consent." 3 McCarthy on Trademarks and Unfair Competition § 21:20 (4th ed. 2014).

The possibility for gamesmanship, given the persisting circuit split, is manifest. The TTAB's decision is subject to review pursuant to the standards of the Administrative Procedure Act: questions of law are reviewed *de novo*, while questions of fact are subject to substantial evidence review. See *On-Line Careline, Inc.* v. *Am. Online, Inc.*, 229 F.3d 1080, 1085 (Fed. Cir. 2000); *ZAO Odessky Konjatschnyi Zawod* v. *SIA Baltmark Invest*, 2013 WL 5945677, at *4 (E.D. Va.

2013); 3 McCarthy on Trademarks and Unfair Competition § 21:21 (4th ed. 2014).[5]

Thus, if an appeal is taken to the Federal Circuit, the question of trademark tacking is a question of law subject to *de novo* review and "is not entitled to the same deference as a factual finding on review." *Van Dyne-Crotty*, 926 F.2d at 1159. So, too, if an appeal is taken to a district court (such as any court in the Sixth Circuit) that views the question as one of law.[6] If, however, an appeal is pursued in a district court that views this as a factual question (such as any court in the Ninth Circuit), the TTAB's decision with respect to tacking will merit considerable deference.

Whether or not a party seeks affirmance or reversal of the TTAB's tacking decision will, accordingly, significantly affect where it seeks judicial review. Resolving the question presented here will eliminate this kind of forum shopping.

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[5] The issue is yet more complicated insofar as some courts hold that, in reviewing a TTAB's factual determinations, a party may have a right to a jury trial in the district court. See *Material Supply Int'l, Inc.* v. *Sunmatch Indus. Co.*, 146 F.3d 983, 988 (D.C. Cir. 1998). If, as we contend, tacking is a question of law, that would obviate any jury requirement in these circumstances.

[6] Regional circuit law, not law of the Federal Circuit, controls proceedings in a district court under Section 1071(b). See *Swatch, S.A.* v. *Beehive Wholesale, L.L.C.*, 888 F. Supp. 2d 738, 745 n.4 (E.D. Va. 2012), aff'd, 739 F.3d 150 (4th Cir. 2014); 4A Callmann on Unfair Competition, Trademarks and Monopolies § 26:100 (4th ed. 2012).

### C. The Decision Below Is Wrong.

A clear division of authority among the courts of appeals with respect to a frequently recurring question is reason enough to warrant a grant of certiorari. But the need for review is particularly acute here because the result reached below is incorrect.

Trademark tacking inherently requires application of a legal test, making it a matter for a court—not the jury—to resolve. As this case demonstrates, this is not a semantic distinction: when trademark tacking is viewed as a question of fact, the practical dynamics of submitting the issue to the jury will make the doctrine grow enormously in breadth. A jury permitted tacking in this case, but it is most unlikely that the same result would be reached in a circuit that views trademark tacking as a question of law. Certiorari is thus necessary to establish a sound and nationally uniform tacking rule.

1. Whether a party may tack the use of an earlier mark to a later one for purposes of determining the priority date is, ultimately, a question of law. The issue, accordingly, must be resolved by a court, not a jury. To be sure, as is often the case, "the issue falls somewhere between a pristine legal standard and a simple historical fact." *Miller* v. *Fenton*, 474 U.S. 104, 114 (1985). In such circumstances, "the fact/law distinction at times has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question" (*ibid.*) and "functional considerations" become paramount. *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996). For several reasons, these considerations compel the conclusion that tacking is an issue for the judge.

*First*, the trademark tacking inquiry—itself a common law doctrine—is necessarily dependent on the development of precedent. There can be no dispute that the ultimate inquiry for tacking is whether the two marks are "legal equivalent[s]." *Van Dyne-Crotty*, 926 F.2d at 1159 (Fed. Cir.). Following the Federal Circuit, three other circuits, including the court below, have adopted this standard. See App., *infra*, 12a (quoting *Brookfield*, 174 F.3d at 1047-1048); *George & Co.*, 575 F.3d at 402 (4th Cir.); *Data Concepts*, 150 F.3d at 623 (6th Cir.). At bottom, "tacking will be allowed only if the marks are virtually identical." *One Indus.*, 578 F.3d at 1161. In making this inquiry, subsequent cases draw analogies from prior decisions, creating a robust body of law that lends predictability to these intellectual property interests. This is thus a situation where "the content of the rule * * * is given meaning through the evolutionary process of common-law adjudication." *Bose Corp.* v. *Consumers Union of U.S., Inc.*, 466 U.S. 485, 502 (1984).

If, however, tacking is viewed as a question of *fact*, then predictability—essential in intellectual property markets—is wholly gutted. Parties will be deprived of the binding guidance of precedent, left to the unpredictability of a jury's case-by-case determination. Cf. *Ornelas* v. *United States*, 517 U.S. 690, 697 (1996) ("Such varied results would be inconsistent with the idea of a unitary system of law. This, if a matter-of-course, would be unacceptable."). In this way, the "stakes" with respect to the "impact on future cases and future conduct" "are too great to entrust * * * finally to the judgment of the trier of fact." *Bose Corp.*, 466 U.S. at 501 n.17. Because tacking is often determinative of a trademark right, as it is here, the question is one of law.

Treating tacking as a question of law also furthers nationwide uniformity in trademarks. This was a substantial consideration in *Markman*, which held that claim construction in patent cases is a duty of the judge—"we see the importance of uniformity in the treatment of a given patent as an independent reason to allocate all issues of construction to the court." 517 U.S. at 390. Those concerns also are implicated here; by considering tacking a question of law, courts ensure uniform interpretation of the same trademark, not subject to the whims of varying juries. Cf. *Salve Regina Coll.* v. *Russell*, 499 U.S. 225, 234 (1991).

*Second*, the test itself—whether two marks are "legal equivalents"—is inherently a legal determination. There is generally no question of historical fact at issue. This standard thus "crosses" "into the realm of a legal rule upon which the reviewing court must exercise its own independent judgment." *Bose Corp.*, 466 U.S. at 501 n.17.

*Third*, comparing the relative similarities between marks for purposes of tacking has historically been a judicial function. See, *e.g.*, *Ilco Corp.* v. *Ideal Sec. Hardware Corp.*, 527 F.2d 1221, 1224 (C.C.P.A. 1976); *Humble Oil & Ref. Co.* v. *Sekisui Chem. Co.*, 1970 WL 9925 (T.T.A.B. 1970). There is thus a "common-law heritage" that "assigns an especially broad role to the judge in applying" the tacking rule "to specific factual situations." *Bose Corp.*, 466 U.S. at 502. This is "one of those things that judges often do and are likely to do better than jurors." *Markman*, 517 U.S. at 388. Both the historical practice and functional expertise strongly support characterizing this issue as one of law for a judge. *Id.* at 388-390.

2. This case itself demonstrates why assigning the tacking decision to judges for them to make as a matter of law, subject to close appellate review, is the sounder approach. Here, viewing the issue as one of fact, the jury accepted respondents' theory, which tacks the mark "Hana Overseas Korean Club" to "Hana World Center," and then tacking "Hana World Center" to "Hana Bank." App., *infra*, 15a. Although the Ninth Circuit showed clear discomfort with this conclusion, it applied the deferential standard of review that applies to jury determinations of fact and believed itself unable to set aside the verdict, even though it recognized that "other courts, which consider tacking a question of law, might reach a different conclusion on these facts." *Id.* at 20a.

And in that respect, at least, the decision below was correct: the court expressly noted that the marks at issue here "seem aurally and visually distinguishable." App., *infra*, at 15a. In courts that view this a question of law, however, "no more [is] necessary" to reject a tacking theory. *Van Dyne-Crotty*, 926 F.2d at 1159. *See also The Wet Seal*, 82 U.S.P.Q.2d 1629 ("No evidence need be entertained other than the visual or aural appearance of the marks themselves.") (quotation omitted).

Indeed, a comparison to the circumstances where courts, viewing the question as one of law, have *rejected* tacking demonstrates that neither step in respondents' two-part tacking theory is sustainable under the proper standard. Courts, for example, have held:

- "AMERICAN MOBILPHONE" is not the legal equivalent of "AMERICAN MOBILPHONE PAGING." *Am. Mobilphone*, 1990 WL 177458, at *1-2.

- "CLOTHES THAT WORK. FOR THE WORK YOU DO" is not the legal equivalent of "CLOTHES THAT WORK." *Van Dyne-Crotty*, 926 F.2d at 1158-1159.
- "dci" is not the legal equivalent of "DCI.com." *Data Concepts*, 150 F.3d at 623-624.

In each of these cases, the court concluded that the subsequent mark differed too greatly from the prior mark for them to qualify as "legal equivalents," and thus to permit tacking from one mark to the other.

The differences between the marks at issue here are far greater, and thus the case for tacking is far weaker. Although respondents' three marks each contain the term "Hana," the marks "Hana Overseas Korean Club," "Hana World Center," and "Hana Bank" differ enormously. Only the last mark, "Hana Bank" even indicates that the mark relates to the provision of financial services.

If trademark tacking were treated as a legal issue—decided by courts on the basis of precedent—the result here thus would have been different at either the trial or appellate level. Accordingly, the court should grant certiorari and hold that trademark tacking is a question of law.[7]

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[7] Although the district court also rejected HFI's infringement claim on grounds of laches and unclean hands (App., *infra*, 9a), the court below expressly declined to reach these issues, resting its holding solely on the question of trademark tacking. *Id.* at 19a. Moreover, the tacking issue has independent significance, as that holding determines whether HFI may prospectively seek a protected interest in its "Hana Financial" mark. This is why HFI requested—and Ninth Circuit agreed—to resolve the issue of trademark tacking first. *Id.* at 20a n.11. In any event, as HFI explained below,

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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APRIL 2014

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there are substantial reasons to think that the district court's decision with respect to laches and unclean hands is incorrect, which is an issue to be addressed on remand. 9th Cir. Dkt. No. 9, at 19-27.

# APPENDICES

# APPENDIX A

## UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

HANA FINANCIAL, INC.,
a California corporation,
*Plaintiff-Appellant,*

v

HANA BANK, a Korean corporation;
HANA FINANCIAL GROUP, a Korean corporation,
*Defendants-Appellees.*

No. 11-56678

D.C. No. 2:07-cv-01534- PA-JWJ

## OPINION

Appeal from the United States District Court
for the Central District of California
Percy Anderson, District Judge, Presiding

Argued and Submitted
August 9, 2013—Pasadena, California

Filed November 22, 2013

Before: Richard C. Tallman, Richard R. Clifton,
and Consuelo M. Callahan, Circuit Judges.

Opinion by Judge Callahan

## SUMMARY*

### Trademark

Affirming the district court's judgment after trial, the panel held that the properly-instructed jury was entitled to make the fact finding that the doctrine of tacking applied to establish the defendant's priority as the first to use a trademark in the sale of goods or services.

The tacking doctrine allows a party to "tack" the date of the user's first use of a mark onto a subsequent mark to establish trademark priority, and thus ownership, where the two marks are so similar that consumers would generally regard them as being the same. The panel held that, while the evidence could be construed to support the plaintiff's position, the plaintiff did not make the required showing, as the losing party in a jury trial, that its interpretation of the evidence was the only reasonable one. The panel held that the jury received an instruction that correctly conveyed the narrowness of the tacking doctrine, and it could have reasonably concluded that the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services the defendant offered and their origin. The panel rejected the argument that the defendant abandoned the mark.

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* This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

## COUNSEL

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## OPINION

CALLAHAN, Circuit Judge:

A party claiming trademark ownership must establish that it was the first to use the mark in the sale of goods or services. This concept is known as trademark "priority." One of the ways that a party may establish priority is through the constructive use doctrine known as "tacking." Tacking allows a party to "tack" the date of the user's first use of a mark onto a subsequent mark to establish priority where the two marks are so similar that consumers would generally regard them as being the same.

We have previously indicated that tacking only applies in "exceptionally narrow" circumstances, *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999), and is properly resolved "as a matter of law if reasonable minds cannot differ and the evidence permits only one conclusion," *One Industries, LLC v. Jim O'Neal Distribution, Inc.*, 578 F.3d 1154, 1160 (9th Cir. 2009). Nonetheless, the rule in our circuit is that tacking "requires a highly fact-sensitive inquiry" generally reserved for the jury. *Id.* On the facts of this case, we conclude that the properly-instructed jury was entitled to find that the doctrine applied.

# I

## A

The Korean word pronounced as "hana" means "number one," "first," "top," or "unity." The parties in this dispute both use the English word "Hana" in their names and offer financial services in the United States. Defendant-Appellee Hana Bank (the "Bank") is a Korean entity established in 1971 as Korea Investment Finance Corporation.[1] In 1991, it adopted its current name. Presently, it is the fourth largest bank in Korea. Plaintiff-Appellant Hana Financial, Inc. ("HFI") is a California corporation that was incorporated on August 15, 1994.

The principals of the two entities were no strangers. The Bank's Chairman, Seoung-Yu Kim, and HFI's former CEO, Charles Kim, met for the first time in 1985 and met at least once per year thereafter until 2002, when Charles Kim became seriously ill. During that time period, Charles Kim affectionately referred to Seoung-Yu Kim as "big brother." Seoung-Yu Kim also knew HFI's current CEO, Sunnie Kim,[2] and met with her annually from 2004 through 2006.

In 1991, Charles Kim and Sunnie Kim were working at an American bank. At that time, the

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[1] Hana Financial Group, a defendant in the underlying action, was incorporated as the Bank's holding company in 2005, but it does not provide services in the United States or direct the Bank's activities in the United States. The district court dismissed it from the action at the close of evidence, and we do not understand HFI's appeal to encompass that ruling.

[2] "Kim" is a very common surname in Korea and among Korean Americans. The individuals discussed here are not related.

Bank was considering offering services to Korean Americans living in Los Angeles through a partner. Charles Kim and Sunnie Kim met with Seoung-Yu Kim to discuss a potential equity investment and strategic alliance. To that end, the companies executed a non-binding memorandum of understanding. The deal, however, was never completed. It was initially delayed by regulatory issues, and after the 1992 Los Angeles riots, the Bank decided it would take a "wait and see" approach.

In May 1994, the Bank acted on its plan to extend its services to the United States, establishing the "Hana Overseas Korean Club" (the "Club") to provide financial services to Korean expatriates. The Club's target customer base consisted of Korean Americans living in the United States, particularly in certain areas, such as Southern California, New Jersey, Chicago, and San Francisco. That July, the Bank published advertisements for the Club in several Korean-language newspapers in major cities throughout the United States, including the Los Angeles edition of the Korea Times. The advertisements included the name "HANA Overseas Korean Club" in English. The names "Hana Overseas Korean Club" and "Hana Bank" also appeared in Korean, along with the Hana Bank logo, which is sometimes called the "dancing man." The dancing man logo has not changed since then. The Bank subsequently received a number of applications for the Club from customers in the United States. The application materials included the name "Hana Overseas Korean Club" in English and "Hana Bank" in Korean next to the dancing man logo.

HFI came into existence one month later. Its Articles of Incorporation indicated that it could engage

in lawful acts "other than the banking business." It began using its trademark in commerce the following year, on April 1, 1995. On July 16, 1996, it obtained a federal trademark registration for a pyramid logo with the words "Hana Financial" for use in connection with factoring[3] and certain other financial services. HFI advertised in Korean-language newspapers (including the Los Angeles edition of the Korea Times), other major newspapers, and on television. Its customers were primarily Korean Americans, but its customer base eventually expanded to include non-Korean Americans, who may have even constituted a majority of its customers at the time of trial.

In 1995, Charles Kim showed Seoung-Yu Kim a copy of his HFI business card. Seoung-Yu Kim asked Charles Kim why he was using the "Hana" mark without permission. Charles Kim stated that he thought it was a "wonderful" name. He explained that HFI would only be engaged in factoring and would not be providing banking services, so there would be no overlap in the two companies' services.

Meanwhile, the Bank continued operating the Club in the United States. Its initial customers included individuals in several states, at least one of whom remained a customer through the time of the trial. From 1994 onward, the Bank wired money to its customers in the United States "almost every day" — totaling over $37 million between 2002 and 2007 — and accepted over 11,500 applications. In

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[3] "Factoring" refers to accounts receivable management. Essentially, companies like HFI loan money to their clients, who are manufacturers, based on the manufacturers' purchase orders, and then collect the money from the buyers. The buyers' promissory notes may be sold as securities.

2000, the Bank changed the Club's name to the "Hana World Center."

In 2001, the Bank sought to register its trademark but was unable to do so, at least in part due to HFI's mark. The Bank contacted HFI about the issue, but they were unable to resolve it. In 2002, the Bank began operating an agency in New York under its own name.

B

On March 8, 2007, HFI filed its complaint alleging trademark infringement and related claims. In essence, HFI contended that the Bank's use of its "Hana Bank" mark infringed HFI's "Hana Financial" mark because its use of the word "Hana" in connection with financial services would likely cause confusion. In response, the Bank sought cancellation of HFI's trademark based on HFI's alleged awareness of the Bank's superior rights, and the Bank also asserted the equitable defenses of laches and unclean hands. On January 7, 2008, the district court granted the Bank's motion for summary judgment on trademark priority. The district court also granted HFI's motion for summary judgment on the Bank's cancellation counterclaim. Both parties appealed.

On October 4, 2010, we reversed on priority, finding that the Bank's advertisements and other exhibits purportedly demonstrating priority were "relevant," but were also subject to competing inferences or were not presented in admissible form. *Hana Fin., Inc. v. Hana Bank*, 398 Fed. App'x 257, 258-59 (9th Cir. 2010). Accordingly, we remanded for trial. *Id.* at 259. We also affirmed the district court's grant of summary judgment on the Bank's cancellation counterclaim, noting that HFI's alleged knowledge of the

Bank's mark was insufficient to establish the requisite element of fraudulent intent. *Id.*

On remand, HFI filed a motion in limine seeking to exclude the Club advertisements and related exhibits, arguing that the evidence was irrelevant. Specifically, it argued: (a) that the Bank's mark and the Club's mark were not virtually identical and therefore, tacking for the purposes of establishing trademark priority was improper; and (b) in the alternative, that the Bank had abandoned the mark in 1999 or 2000. The district court denied the motion.[4]

The trademark infringement claims were triable by jury and the court also submitted the Bank's laches and unclean hands defenses to the jury for an advisory verdict. The trial commenced on May 24, 2011. At the close of evidence, HFI moved for judgment as a matter of law arguing that the Defendants had presented "no evidence" on trademark priority, laches, and unclean hands. The district court denied the motion.

In the jury instructions, the district court explained:

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[4] As the district court recognized, HFI was, in essence, improperly seeking a dispositive ruling on trademark priority through a motion in limine. "A motion in limine is a procedural mechanism to limit in advance testimony or evidence in a particular area." *United States* v. *Heller*, 551 F.3d 1108, 1111 (9th Cir. 2009) (citation omitted); *see also Goodman* v. *Las Vegas Metro. Police Dep't*, No. 2:11-cv-1447-MMD-CWH, ___ F. Supp. 2d ____, 2013 WL 4006159, at *4 (D. Nev. Aug. 2, 2013) (setting forth the standards applicable to motions in limine). A motion in limine is not the proper vehicle for seeking a dispositive ruling on a claim, particularly after the deadline for filing such motions has passed. *See Dubner* v. *City & Cnty. of S.F.*, 266 F.3d 959, 968 (9th Cir. 2001).

> A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called "tacking." The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked.

HFI had proposed a similar instruction and did not object. Moreover, in its closing argument, HFI argued that tacking was inapplicable because the Bank and the Club had "completely different" names

The jury found that the Bank had "used its mark in commerce in the United States beginning prior to April 1, 1995, and continuously since that date." It also found, in its advisory capacity, that the Bank had proven its laches defense, but not its unclean hands defense. The court subsequently issued findings of fact and conclusions of law, determining, among other things, that HFI's claims were barred by both laches and unclean hands.

After the district court issued its decision, HFI renewed its motion for judgment as a matter of law and moved for a new trial, challenging the priority verdict as well as the laches and unclean hands decisions. The district court denied the motion, noting that HFI had failed to cite any supporting legal authority. It also rejected HFI's motion on the merits, noting that: (a) we had previously remanded the case for trial on the priority issue; (b) there was sufficient evidence to support the jury's verdict on priority; and (c) the court had given a tacking instruction similar

to the one HFI had requested. HFI now appeals, and we have jurisdiction pursuant to 28 U.S.C. § 1291.

II

We review the district court's decision to deny a motion for judgment as a matter of law de novo. *First Nat'l Mortg. Co. v. Fed. Realty Inv. Trust*, 631 F.3d 1058, 1067 (9th Cir. 2011). In doing so, however, we must "view the evidence in the light most favorable to the party in whose favor the jury returned a verdict and draw all reasonable inferences in its favor." *Id.* "The verdict will be upheld if it is supported by substantial evidence, even if it is also possible to draw a contrary conclusion." *Id.* (internal quotation marks omitted).

III

"It is axiomatic in trademark law that the standard test of ownership is priority of use." *Brookfield Commc'ns, Inc. v. W. Coast Entmt. Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999) (quoting *Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996)). "To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services." *Id.* Here, the priority issue turns on whether it was permissible for the jury to find that the Bank could "tack" its use of its present "Hana Bank" mark to its use of the Club mark beginning in 1994.

A trademark user may "tack" the date of the user's first use of an earlier mark onto a subsequent mark to establish priority where the "two marks are so similar that consumers generally would regard them as essentially the same." *Id.* at 1048. "Tacking"

is permitted because "[w]ithout tacking, a trademark owner's priority in his mark would be reduced each time he made the slightest alteration to the mark, which would discourage him from altering the mark in response to changing consumer preferences, evolving aesthetic developments, or new advertising and marketing styles." *Id.* Moreover, "[g]iving the trademark owner the same rights in the new mark as he has in the old helps to protect source-identifying trademarks from appropriation by competitors and thus furthers the trademark law's objective of reducing the costs that customers incur in shopping and making purchasing decisions." *Id.*

The fact that a mark contains a portion of an earlier mark is not sufficient to establish tacking; a tacking analysis must consider the marks "*in their entirety* to determine whether each conveys the same commercial impression" such that they "possess the same connotation in context." *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1160 (Fed. Cir. 1991). "The 'commercial impression' of a trademark is the meaning or idea it conveys or the mental reaction it evokes." *See* Gideon Mark & Jacob Jacoby, *Continuing Commercial Impression: Applications and Measurement*, 10 Marq. Intell. Prop. L. Rev. 433, 434 (2006) (citing *Spice Islands, Inc. v. Frank Tea & Spice Co.*, 505 F.2d 1293, 1296 (C.C.P.A. 1974)). "'Commercial impression,' like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services." 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:26 (4th ed. 2013) [hereinafter, "*McCarthy*"]. In determining whether the marks have the same commercial impression, the visual or aural appearance may be instructive. *See Van Dyne-Crotty*, 926 F.2d at 1159.

Commercial impression, however, should be resolved by considering a range of evidence, ideally including consumer survey evidence. *See* Mark & Jacoby, *supra*, at 457; *McCarthy* § 17:26. In our circuit, whether consumers would consider the two marks as being essentially the same is a question of fact.[5] *One Indus.*, 578 F.3d at 1160.

Like our sister circuits, we have indicated that tacking applies only in "exceptionally narrow" circumstances. *Brookfield*, 174 F.3d at 1047-48. We have explained:

> The standard for tacking is exceedingly strict: The marks must create the *same, continuing commercial impression*, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked. In other words, the previously used mark must be the *legal equivalent* of the mark in question or indistinguishable therefrom, and the consumer should consider both as the same mark. This standard is considerably higher than the standard for likelihood of confusion.

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[5] This is the subject of a circuit split. The Federal and Sixth Circuits evaluate tacking as a question of law consistent with their view that the analogous trademark issue of likelihood of consumer confusion is a question of law. *See Quiksilver, Inc.* v. *Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006). As we view likelihood of confusion as a question of fact, we have also determined that tacking presents a question of fact. *Id.* Although the other circuits have not decided the issue yet, the district courts in circuits where likelihood of confusion is a question of fact also treat tacking as a question of fact. *See, e.g.*, *Specht* v. *Google Inc.*, 758 F. Supp. 2d 570, 583 (N.D. Ill. 2010).

*Id.* at 1048 (citations and internal quotation marks omitted).

Our decisions demonstrate the narrowness of the doctrine. In *Brookfield*, 174 F.3d at 1048-49, we reversed the district court's denial of a preliminary injunction based in part on the fact that the plaintiff had failed to make a sufficient showing that it could tack "The Movie Buff's Movie Store" onto its later mark, "moviebuff.com." In *Quiksilver*, 466 F.3d at 759-60, we reversed the district court's decision finding that tacking applied and remanded where there was "evidence from which a reasonable jury could easily conclude that 'QUIKSILVER ROXY' and 'ROXY' did not create the 'same, continuing commercial impression' at the time the 'ROXY' brand was introduced." In *One Industries*, 578 F.3d at 1161-62, we found that the district court correctly determined that the plaintiff could not satisfy the tacking test where its angular "O" mark was materially different from its rounded "O" mark.[6]

Further underscoring the limited reach of the doctrine, we have repeatedly cited a group of out-of-circuit cases where a court or the Trademark Trial and Appeal Board found that the doctrine did not apply. *One Indus.*, 578 F.3d at 1161 (collecting cases); *Brookfield*, 174 F.3d at 1048-49 (collecting cases). This group of decisions[7] emphasizes the narrowness

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[6] In *One Industries*, we affirmed despite the fact that the plaintiff did not have the benefit of discovery or other factual development. *Id.* at 1160. However, as we explained, the plaintiff had "acquiesced" to resolving the tacking issue on the pre-discovery motion for a more definite statement by failing to object. *Id.* at 1160 & n. 1.

[7] *See Van Dyne-Crotty*, 926 F.2d at 1160 (determining that "CLOTHES THAT WORK" was not the legal equivalent of

of the tacking doctrine, which is why we previously acknowledged them with approval. They do not, however, support HFI's position in this case as strongly as it might appear at first glance. For example, in *KeyCorp v. Key Bank & Trust*, 99 F. Supp. 2d 814, 820 (N.D. Ohio 2000), the court determined that "KEY FEDERAL SAVINGS & LOAN ASSOCIATION," "KEY FEDERAL SAVINGS BANK," and "KEY BANK & TRUST" were "substantially different" and the defendant could not rely on tacking to establish priority. The court observed that the defendant had changed its name in order to disassociate itself from the savings and loan scandals of the 1980s and indicate changes in its legal status. *Id.* Accordingly, the court found the defendant's "claim that its name changes were not noticeable to customers [to be] somewhat disingenuous given that at least its first name change was made in the hope that its customers would distinguish its former name from its new one." *Id.*

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"CLOTHES THAT WORK. FOR THE WORK YOU DO" for tacking purposes); *Am. Paging Inc.* v. *Am. Mobilphone Inc.*, 13 U.S.P.Q.2d 2036, 2038-39 (T.T.A.B. 1989) (finding that "AMERICAN MOBILPHONE" and "AMERICAN MOBILPHONE PAGING" were not legal equivalents), *aff'd* 923 F.2d 869 (Fed. Cir. 1990). The other cases involved graphically distinctive marks, and accordingly, offer less guidance here as the graphical aspect of the marks (i.e., the dancing man logo) did not change. *See Data Concepts, Inc.* v. *Digital Consulting, Inc.*, 150 F.3d 620, 624 (6th Cir. 1998) (noting that "the two marks do not look alike"); *see also* 3 *McCarthy* § 17:27 (displaying the logo at issue in *Data Concepts*); *Pro-Cuts* v. *Schliz-Price Enters. Inc.*, 27 U.S.P.Q.2d 1224, 1227 (T.T.A.B. 1993) (displaying images of the marks and remarking that there was "a very material difference between them because of their different design features").

In contrast, we have cited *Hess's of Allentown, Inc. v. National Bellas Hess, Inc.*, 169 U.S.P.Q. 673 (T.T.A.B. 1971), as an example of a case where tacking was appropriate. *See One Indus.*, 578 F.3d at 1161; *Brookfield*, 174 F.3d at 1048. In *Hess's*, the petitioner had originally incorporated and conducted business as "Hess Brothers," but later changed its name to "Hess's of Allentown, Inc.," while emphasizing and promoting itself as "Hess" or "Hess's." *Hess's of Allentown*, 169 U.S.P.Q. at 674-75. The Board found that there could be "no question but that 'HESS' is the most significant portion of the trade name 'HESS BROTHERS' and that it is this portion which petitioner has emphasized throughout the years and that portion by which it has been recognized and referred to within and without its corporate structure." *Id.* at 677. There could be "no distinction for legal or practical purposes" between "Hess" and "Hess's," particularly given that the record indicated that the petitioner changed the name "to reflect the manner in which the purchasing public had come to refer to and identify its store and operations." *Id.*[8]

Here, reasonable minds could disagree on whether the Bank's marks were materially different. In isolation, the words "Hana Overseas Korean Club," "Hana World Center," and "Hana Bank" seem aurally and visually distinguishable. It is not necessarily clear from their names that these entities offer the

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[8] Similarly, in *American Security Bank* v. *American Security & Trust Co.*, 571 F.2d 564, 567 (C.C.P.A. 1978), the court concluded that "AMERICAN SECURITY" and "AMERICAN SECURITY BANK" were legally equivalent because "the word 'bank' is purely descriptive and adds nothing to the origin-indicating significance of AMERICAN SECURITY."

same services. Moreover, there was no survey evidence indicating that the marks convey the same, continuing commercial impression.[9]

That the evidence could be construed to support HFT's position, however, is not enough for it to prevail. As the losing party in a jury trial, HFI must show that its interpretation of the evidence is the *only* reasonable one. *See Martin v. Cal. Dep't of Vet. Affairs*, 560 F.3d 1042, 1046 (9th Cir. 2009). Here, HFI has not satisfied that standard. Tacking requires a highly fact-sensitive inquiry, and the jury decided the issue after receiving an instruction that correctly conveyed the narrowness of the doctrine. In this respect, our characterization of tacking as a question of fact is arguably dispositive. *Cf. Van Dyne-Crotty*, 926 F.2d at 1159 (observing that in the Federal Circuit, a determination that two marks are not legal equivalents is a legal determination that is not entitled to deference).

The evidence showed that the Bank offered financial services to Korean-speaking American consumers. It advertised in Korean-language newspapers, including the name "Hana Overseas Korean Club" in English next to its "Hana Bank" mark in Korean. Its distinctive dancing man logo—which has not changed—appeared in all of the advertisements. The application forms contained similar information.

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[9] At oral argument, the Bank's counsel agreed that survey evidence would have been useful, but indicated that it was not possible for the Bank—which had been contending that its marks were the same—to gather such evidence because HFI did not suggest that the Bank's marks were materially different and that the Bank could not rely on tacking until the "eleventh hour." As noted above, the record supports that assessment.

The ordinary purchasers of the Bank's services were likely aware of the Bank and its services from their experiences in Korea, given that by 1994, it had been known as "Hana Bank" for several years.

The jury could have reasonably concluded that the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services the Bank offered and their origin. The ordinary purchasers of these services were Korean-speaking consumers (consisting of Korean expatriates and Korean Americans) that likely had a preexisting awareness of the Bank due to its ongoing business presence in Korea. The jury could have reasonably concluded that these purchasers associated "Hana Bank" with the "Hana Overseas Korean Club" when "Hana Overseas Korean Club" appeared, in English, next to "Hana Bank," in Korean, and the dancing man logo in the advertisements. In that context, "Hana" was arguably the most significant portion of the trade name, as the ordinary purchasers would have then made the association between the English word "Hana" and the Bank's Korean name. *See Hess's of Allentown*, 169 U.S.P.Q. at 677. Thus, they would have regarded the Bank's name as "Hana Bank" in English rather than some other possible translation, such as "One Bank."[10]

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[10] The Bank invokes the doctrine of foreign equivalents in support of its arguments. That doctrine is typically used to translate foreign words into English for the purposes of determining the likelihood that the foreign-language mark will be confused with an English-language mark, as well as determining whether it is generic or descriptive. *See* 4 *McCarthy* § 23:36. We need not determine whether the doctrine applies in the tacking context as there was sufficient evidence to support the jury's implicit finding that the Bank's marks created a consistent commercial impression regardless of the doctrine's applicability.

"Overseas Korean Club" and "World Center" would then be non-essential as they merely conveyed what the ordinary purchasers would have already surmised: that the well-known Korean bank was offering financial services to individuals like them living outside of Korea. *Cf. Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 955 (7th Cir. 1992) (concluding that the dropping of non-essential words which did not change the buyers' "basic, overall commercial impression" did not constitute abandonment).

In light of this combination of facts, the jury could reasonably conclude that throughout the time period at issue, the ordinary purchasers of these services had the continuous impression that the advertised services were being offered by the Bank and that there were no material differences between the marks. In other words, viewing the marks in context and in their entirety, the ordinary purchasers could perceive them as conveying the same idea or meaning or evoking the same mental reaction. Consequently, there was sufficient evidence to support the jury's verdict on trademark priority.

At oral argument, HFI's counsel further argued that if the Bank were to prevail, it would create uncertainty because there would have been no way for an entity like HFI to learn about the Bank's mark without expending significant resources. The registration process is the typical means for determining whether there is a preexisting mark. It is well-settled, however, that registration is not necessarily dispositive of ownership. *See Brookfield*, 174 F.3d at 1047 (indicating that registration is prima facie evidence of the validity of the registered mark, but it may be rebutted by establishing priority of use). To

the extent that the resulting uncertainty is a problem, it already exists. In any event, this abstract concern is irrelevant in this case given that HFI actually knew about the Bank's mark and its activities in the United States.

IV

HFI also argues that the Bank "abandoned" the Club's mark in 1999 or 2000. A trademark owner loses its exclusive rights if it fails to actually use the mark. *Sands, Taylor & Wood*, 978 F.2d at 954-55 (citing 15 U.S.C. § 1127). "To show abandonment by nonuse, the party claiming abandonment must prove both the trademark owner's (1) 'discontinuance of trademark use' and (2) 'intent not to resume such use.'" *Grocery Outlet Inc. v. Albertson's Inc.*, 497 F.3d 949, 951 (9th Cir. 2007) (citation omitted). "So long as the owner continues use of the 'key element' of the registered mark, courts generally will not find abandonment." *Sands, Taylor & Wood*, 978 F.2d at 955 (citation omitted).

There was evidence at trial that the Bank maintained customers in the United States from 1994 through the present and made wire transfers nearly every day. HFI may be referring to the fact that the Club's name changed in 2000 to the "Hana World Center." This argument was at least implicitly considered and rejected by the jury as part of its evaluation of HFI's tacking argument. Accordingly, for the same reasons that we find HFI's tacking arguments unavailing, we also reject HFI's abandonment argument.

V

We reiterate that tacking applies only in rare circumstances and our decision here does not alter the

strict tacking standard. But the fact that the doctrine rarely applies does not mean that it never will. Indeed, the tacking doctrine exists for compelling reasons: to protect consumers from being misled about the source of products and facilitate their purchasing decisions. In our circuit, tacking presents a question of fact that must ultimately be decided by the jury unless the evidence is so strong that it permits only one conclusion. In this case, the district court properly instructed the jury and allowed it to decide the issue. HFI has not shown that the jury's decision was unreasonable. While other courts, which consider tacking a question of law, might reach a different conclusion on these facts, we are bound by our decisions holding that tacking is a question of fact. We accordingly affirm the district court's decision denying HFI's motion for judgment as a matter of law on trademark priority and uphold the jury's verdict. In light of our conclusion on trademark priority, we need not and do not reach the Bank's equitable defenses.[11]

**AFFIRMED.**

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[11] We note that HFI specifically requested that we rule on trademark priority as it may have continuing relevance to the parties.

## APPENDIX B

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HANA FINANCIAL, INC.,

Plaintiff,

v.

HANA BANK and HANA FINANCIAL GROUP,

Defendants.

CV 07-1534 PA(JWJx)

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This case involves a trademark dispute between two financial services companies. Plaintiff Hana Financial, Inc. ("Hana Financial") commenced this action in 2007 against defendants Hana Bank and Hana Financial Group (collectively "Hana Bank"). Hana Financial's Complaint alleged claims for: (1) trademark infringement under 15 U.S.C. § 1114(a) of the Lanham Act; (2) trademark infringement under 15 U.S.C. § 1125(a) of the Lanham Act; (3) false designation of origin under 15 U.S.C. § 1125(a) of the Lanham Act; (4) common law trademark infringement under federal law; and (5) unfair competition under California common law and California Business and Professions Code section 17200. Hana Bank filed a Counterclaim seeking cancellation of Hana Financial's federal trademark registration.

The parties filed cross-motions for summary judgment. In a January 7, 2008 Minute Order, this Court concluded that Hana Financial was entitled to a Judgment on Hana Bank's Counterclaim. The Court further concluded that Hana Financial's first use in commerce of its "Hana" mark occurred on

April 1, 1995, and that Hana Bank's use of its mark in commerce in the United States predated Hana Financial's first use of its mark. On appeal, the Ninth Circuit affirmed this Court's rulings with respect to Hana Bank's Counterclaim and Hana Financial's date of first use of its mark,[12] but found triable issues of fact concerning Hana Bank's first use of its mark in commerce in the United States. The Ninth Circuit therefore remanded the action for trial.

With the exception of Hana Financial's claim brought pursuant to California Business and Professions Code section 17200, which sought only equitable relief and was therefore triable to the Court, the parties submitted Hana Financial's Lanham Act and federal common law trademark infringement claims to the jury. The Court also submitted Hana Bank's equitable defenses of unclean hands and laches to the jury for an advisory verdict. Following the presentation of evidence, the Court granted defendant Hana Financial Group's Motion for Judgment as a Matter of Law pursuant to Federal Rule of Civil Procedure 50. The basis for that decision was stated on the record and is further supported by these Findings of Fact and Conclusions of Law. The jury proceeded to deliberate on Hana Financial's remaining claims against Hana Bank and Hana Bank's two equitable affirmative defenses.

The jury returned a unanimous verdict holding that Hana Bank had used its mark in commerce in the United States prior to April 1, 1995 and continuously since that date. As a result of the jury's finding, Hana Bank is the senior user of the mark and cannot

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[12] The Ninth Circuit's affirmance of the April 1, 1995 date of first use for Hana Financial renders that fact law of the case.

be liable to Hana Financial for trademark infringement. The jury also returned advisory verdicts on Hana Bank's equitable affirmative defenses. Specifically, the jury found that Hana Bank had proven its laches defense but not its unclean hands defense. Pursuant to Federal Rule of Civil Procedure 52, the Court then directed the parties to submit proposed Findings of Fact and Conclusions of Law on Hana Financial's California Business and Professions Code section 17200 claim and on Hana Bank's equitable affirmative defenses. Having considered the materials submitted by the parties and reviewing the evidence elicited at trial, the Court makes the following findings of fact and conclusions of law pursuant to Federal Rule of Civil Procedure 52(a):

## I. Findings of Fact

### A. Defendant Hana Bank

1. Defendant Hana Bank was originally established in 1971 as Korea Investment Finance Corporation, and changed its name to Hana Bank in 1991.

2. Hana Bank is the fourth largest financial institution in the Republic of Korea.

3. In May of 1994, Hana Bank established a service called the Hana Overseas Korean Club to provide financial services in the nature of foreign exchange, wire transfer and asset management services to Korean expatriates living abroad, including in the United States.

4. On July 12, 1994, Hana Overseas Korean Club services became available to customers living in the United States.

5. In July 1994, Hana Bank launched a domestic advertising campaign for the Hana Overseas Korean Club.

6. On July 13, 1994, Hana Bank published an advertisement for its Hana Overseas Korean Club in the Washington, D.C. Edition of the Korea Times.

7. On July 14, 1994, Hana Bank published advertisements for its Hana Overseas Korean Club in the Los Angeles and San Francisco Editions of the Korea Times.

8. Hana Bank's July 1994 advertisements displayed the name HANA in English.

9. Hana Bank's July 1994 advertisements also displayed the name Hana Bank in Korean.

10. Following the advertising launch, on July 18, 1994, Hana Bank received separate letters from California residents in Granada Hills and Los Angeles, both inquiring about Hana Bank's Overseas Korean Club services.

11. On August 5, 1994, Hana Bank received an application for its Hana Overseas Korean Club from a customer in New York. Hana Bank approved this application, and the New York applicant has remained a customer of Hana Bank from 1994 through the present.

12. On October 7, 1994, Hana Bank received an application for its Hana Overseas Korean Club from a customer in New Jersey. Hana Bank approved this application, and the New Jersey applicant remained a customer of Hana Bank from 1994 until 2000.

13. On December 5, 1994, Hana Bank received an application for its Hana Overseas Korean Club from a customer in California. Hana Bank approved

this application, and the California applicant remained a customer of Hana Bank from 1994 until 1998.

14. Hana Bank changed the name of its Hana Overseas Korean Club to the Hana World Center in or about 2000.

15. Between 1994 and the present, Hana Bank has continuously provided financial services to customers in the United States.

16. From 2002 through the present, Hana Bank has also operated a state-licensed agency in New York City under the name Hana Bank.

17. In 2002, Hana Bank merged with Seoul Bank, another large Korean bank.

18. Prior to its merger with Hana Bank, Seoul Bank used the following logo (the "Seoul Bank Mark"):

**B. Defendant Hana Financial Group**

19. Defendant Hana Financial Group was incorporated in Korea on December 31, 2005 as the financial holding company of Hana Bank, pursuant to the Korean Financial Holding Company Act.

20. Hana Financial Group does not provide any financial services in the United States.

21. Hana Financial Group has never used a HANA mark in connection with the provision of any financial services in the United States.

22. Hana Financial Group does not direct the activities of Hana Bank in the United States.

**C. Plaintiff Hana Financial, Inc.**

23. Plaintiff Hana Financial, Inc. ("Hana Financial") is a privately held California corporation headquartered in Los Angeles.

24. Hana Financial was incorporated on August 15, 1994.

25. On July 16, 1996, Hana Financial obtained a federal trademark registration for the following HANA FINANCIAL logo (the "Hana Financial Mark") in connection with "financial services, namely factoring services, asset-based lending, equipment lease financing, international trade financing, real estate financing, and investment consulting services":

26. Hana Financial's trademark registration represents that Hana Financial first used the Hana Financial Mark in commerce in connection with the recited services on April 1, 1995.

27. As the Court determined in its January 7, 2008 Minute Order on the parties' cross-motions for summary judgment, and as affirmed by the Ninth

Circuit on appeal, Hana Financial did not use the Hana Financial Mark in commerce prior to April 1, 1995.

28. Hana Financial was aware of Hana Bank before Hana Financial used the Hana Financial Mark.

29. Hana Financial was aware of the Seoul Bank Mark before Hana Financial used the Hana Financial Mark.

30. Hana Bank's Chairman Seoung-Yu Kim and Hana Financial's former CEO Charles Kim knew each other since 1985, and met on an annual basis between 1985 and 2002.

31. Hana Financial's current CEO Sunnie Kim has known Hana Bank's Chairman Seoung-Yu Kim for several decades.

32. Hana Bank's Chairman Seoung-Yu Kim and Hana Financial's current CEO Sunnie Kim also met on an annual basis between 2004 and 2006.

33. Sunnie Kim and Charles Kim met with Hana Bank representatives in 1991, while they were employed with California Center Bank in Los Angeles, to discuss a potential equity investment by Hana Bank.

34. In 1995, shortly after Hana Financial was established, Charles Kim met with Hana Bank's Chairman Seoung-Yu Kim in Seoul, Korea.

35. During this 1995 meeting, Charles Kim presented to Chairman Seoung-Yu Kim a copy of his business card bearing the Hana Financial Mark. When Hana Bank's Chairman asked him why he was using the "Hana" name without Hana Bank's permission, Charles Kim reassured him that there would be no overlap in the companies' service offer-

ings because Hana Financial only engaged in factoring and would not provide banking services.

## II. PROPOSED CONCLUSIONS OF LAW

### A. Dismissal of Cal. Bus. & Prof. Code § 17200 Claim

36. To prevail on its claim under California Business and Professions Code section 17200, Hana Financial must show that the defendants have engaged in an unlawful, unfair or fraudulent business act or practice, and that such conduct has caused injury to Hana Financial. Cal. Bus. & Prof. Code § 17200.

37. Because Hana Financial's section 17200 claim is premised on a theory of infringement, the section 17200 claim rises or falls with the success of the infringement theory. *See CreAgri, Inc.* v. *USANA Health Sciences, Inc.*, 474 F.3d 626, 630 n.8 (9th Cir. 2007); *Century 21 Real Estate Corp.* v. *Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1988); *Int'l Order of Job's Daughters* v. *Lindeburg & Co.*, 633 F.2d 912, 916 (9th Cir. 1980) ("[F]ederal and state laws regarding trademarks and related claims of unfair competition are substantially congruent.")

38. Hana Financial's infringement claims fail and, by extension, its section 17200 also fails, because Hana Bank has trademark priority in the United States. *Brookfield Comm., Inc.* v. *West Coast Entertainment Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999) (general rule is that "[t]he first to use a mark [in commerce] is deemed the 'senior user' of that mark.").

**B. Finding of Laches**

39. The equitable defense of estoppel by laches bars relief where the defendant can show unreasonable delay in bringing suit plus either acquiescence in the act about which plaintiff complains or prejudice to the defendant resulting from the delay. *Transworld Airlines* v. *American Coupon Exchange*, 913 F.2d 676, 696 (9th Cir. 1990).

40. Hana Financial's causes of action are barred by the doctrine of laches because:

(a) Hana Financial's founding principals have a long history of dealings with Hana Bank, including business discussions in 1991 concerning a potential equity investment by Hana Bank in a U.S. bank;

(b) In July 1994, Hana Bank openly advertised its services in popular Korean-American publications, including the Los Angeles Edition of the Korea Times, in which Hana Financial has also advertised;

(c) for several decades Hana Financial's founding principals have had regular contact with Hana Bank's Chairman Seoung-Yu Kim, including annual visits between Hana Financial's Charles Kim and Hana Bank's Seoung-Yu Kim between 1985 and 2002, and annual visits between Hana Financial's Sunnie Kim and Hana Bank's Seoung-Yu Kim between 2004 and 2006;

(d) at a meeting in 1995 between Hana Financial's Charles Kim and Hana Bank's Seoung-Yu Kim, Charles Kim signaled acquiescence to Hana Bank's U.S. trademark rights when Hana Bank's Chairman asked him why he was using the "Hana" name without Hana Bank's permission, and Charles Kim reassured him that there would be no overlap in the companies' service offerings because Hana Financial only engaged in factoring and would not provide banking services;

(e) Hana Financial unreasonably delayed in bringing suit after it knew of Hana Bank's U.S. trademark activities; and

(f) Hana Bank and Hana Financial Group have been prejudiced by Hana Financial's delay by continuing to build its domestic presence following Charles Kim's 1995 reassurances.

41. The jury, in its advisory capacity, found that Hana Bank had proven that it was entitled to its laches defense. For the reasons stated above, the Court adopts the jury's finding and concludes that Hana Bank's laches defense precludes Hana Financial's claims.

### C. Finding of Unclean Hands

42. The equitable defense of unclean hands bars relief where the plaintiff has engaged in unfair or inequitable conduct, and such conduct is related to the subject matter of the plaintiffs' claims in the case. *Fuddruckers, Inc.* v. *Doc's B.R. Others, Inc.*, 826 F.2d 837, 847 (9th Cir. 1987); *Japan Telecom, Inc.* v. *Ja-*

*pan Telecom Am., Inc.*, 287 F.3d 866, 870 (9th Cir. 2002) (the doctrine of unclean hands applies to Lanham Act claims).

43. The doctrine of unclean hands bars Hana Financial's claims in this action due to Hana Financial's reassurance to Hana Bank in 1995 that there would be no overlap in the companies' service offerings because Hana Financial only engaged in factoring and would not provide banking services.

44. The doctrine of unclean hands also bars Hana Financial's claims in this action because Hana Financial knowingly designed its Hana Financial Mark based upon two pre-existing and well-known Korean financial brands, combining the name of Hana Bank with the pyramid logo of Seoul Bank. As a result, Hana Financial seeks to impose liability on Hana Bank for infringing on its intellectual property when it has infringed on Hana Bank's intellectual property rights. Hana Financial's conduct was unfair and inequitable and related to the subject matter of Hana Financial's claims in this action.

45. Although the jury, in its advisory capacity, found that Hana Bank had not proven that it was entitled to its unclean hands defense, the Court, for the reasons stated above, rejects the jury's finding and concludes that Hana Bank's unclean hands defense precludes Hana Financial's claims.

### D. Non-Infringement By Defendant Hana Financial Group

46. Hana Financial Group cannot be held liable for trademark infringement because it has not been shown to have used any "Hana" mark in U.S. commerce. *See Bosley Medical Institute* v. *Kremer*, 403 F.3d 672, 676-77 (9th Cir. 2005) ("infringement law

prevents only unauthorized use of a trademark in connection with a commercial transaction in which the trademark is being used to confuse potential consumers").

47. Hana Financial Group also cannot be held derivatively liable for the conduct of Hana Bank simply because it is in a parent-subsidiary relationship with the bank. *United States v. BestFoods*, 524 U.S. 51, 61, 118 S. Ct. 1876, 1884, 141 L. Ed. 2d 43 (1998) ("[I]t is a general principle of corporate law that a parent corporation . is not liable for the acts of its subsidiaries.").

## CONCLUSION

As a result of the jury's finding that Hana Bank was the senior user of its mark, and these Findings of Fact and Conclusions of Law, defendants Hana Bank and Hana Financial Group are entitled to judgment on all of plaintiff Hana Financial, Inc.'s claims. Accordingly, the Court will enter judgment in favor of Hana Bank and Hana Financial Group.

IT IS SO ORDERED.

DATED: June 29, 2011

/s/ Percy Anderson
Percy Anderson
UNITED STATES
DISTRICT JUDGE

# APPENDIX C

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HANA FINANCIAL, INC.,

Plaintiff,

v.

HANA BANK and HANA FINANCIAL GROUP,

Defendants.

CV 07-1534 PA(JWJx)

## JUDGMENT

In accordance with the jury's May 27, 2011 Verdict and the Court's Findings of Fact and Conclusions of Law, defendants Hana Bank and Hana Financial Group are entitled to judgment on all of plaintiff Hana Financial, Inc.'s claims.

It is therefore now ORDERED, ADJUDGED, and DECREED that Hana Financial, Inc. shall recover nothing from Hana Bank and Hana Financial Group.

It is FURTHER ORDERED, ADJUDGED, and DECREED that Hana Bank and Hana Financial Group shall have their costs of suit.

The Clerk is ordered to enter this Judgment.

DATED: June 29, 2011

/s/ Percy Anderson
Percy Anderson
UNITED STATES
DISTRICT JUDGE

# OPPOSITION BRIEF

No. 13-1211

IN THE

# Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

*v.*

HANA BANK AND HANA FINANCIAL GROUP,

*Respondents.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

## BRIEF IN OPPOSITION

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## QUESTION PRESENTED

I. Following a jury trial in this trademark infringement case, the trial court entered a defense judgment based on three independent theories: (i) the defendant's trademark priority; (ii) laches; and (iii) the plaintiff's unclean hands. The Ninth Circuit court of appeals affirmed, holding in part that the issue of trademark "tacking"—a subpart of the trademark priority analysis—is an issue of fact.

The question presented is whether the Court should review the Ninth Circuit's treatment of the rarely considered issue of tacking as an issue of fact even though: (i) the alleged circuit split is less a split concerning tacking and more a split concerning the "likelihood of confusion" standard, which is not at issue in this Petition; (ii) the district court and Ninth Circuit correctly treated tacking as an issue of fact for the jury because it involves a consumer perception inquiry best decided by a group of consumers; and (iii) review would not alter the result of the case.

## RULE 29.6 STATEMENT

Pursuant to this Court's Rule 29.6, the undersigned counsel states that Hana Bank is a wholly owned subsidiary of Hana Financial Group. Hanna Financial Group has no parent and no publicly held company owns 10 percent or more of Hana Financial Group.

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# BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

## I. INTRODUCTION

This Petition involves a trademark infringement claim, and arises from a Ninth Circuit decision affirming a defense judgment following a jury trial. The defense judgment was based on three independent theories: (i) the defendant's trademark priority; (ii) laches; and (iii) the plaintiff's unclean hands.

Petitioner Hana Financial, Inc. challenges only part of the first basis for the judgment, namely trademark priority. Petitioner asserts that respondent's priority stems from the impermissible "tacking" of two of its marks, and that the Ninth Circuit improperly treated tacking as an issue of fact. According to petitioner, such treatment reflects a split between the Ninth Circuit, on the one hand, and the Federal and Sixth Circuits, on the other hand. Petition at 1.

Tacking refers to the rule that under certain circumstances a trademark owner may maintain continuous rights in a mark after altering it. A tacking analysis rarely features in trademark disputes and does not warrant certiorari review. Tacking doctrine itself is ancillary to the purported circuit split. The few courts to consider tacking agree that its application should follow application of the broader "likelihood of confusion" standard for trademark infringement. If one is an issue of fact, the other is also an issue of fact. If one is a matter of law, the other is also a matter of law.

A well-developed circuit split exists as to whether the broader trademark infringement test should be treated as an issue of fact or a matter of law. The asserted split on tacking follows lockstep. Whether the infringement test should be applied as an issue of fact or matter of law has previously appeared before this Court many times, but it is not at issue in this Petition. Until this Court decides the broader infringement test question and the ancillary tacking question falls in line, the status quo is tolerable because substantive tacking law is uniform across the circuits.

Certiorari is further unwarranted because resolution of the asserted split is irrelevant to the outcome of this case. Tacking doctrine did not determine the outcome of this case. The tacking issue is but a subpart of the trademark priority analysis, and trademark priority is but one of three independent bases for respondent's defense judgment. The other two—unclean hands and laches—are not at issue in this Petition.

Hence, petitioner has presented no "compelling reason" for a Writ of Certiorari. *See* Sup. Ct. R. 10. The Petition should be denied.

## II. STATEMENT OF THE CASE

Hana Bank is among the largest financial institutions in the Republic of Korea. Petitioner's Appendix ("App.") 4a. It is a wholly owned subsidiary of Hana Financial Group, which was dismissed from the case on a motion for judgment as a matter of law. *Id.* at 4a, n.1. Petitioner did not appeal that dismissal, so only the case against Hana Bank remains at issue. *Ibid.*

Petitioner and respondent have a history dating many years before either used a HANA trademark. The facts surrounding their prior dealings are well stated in the Court of Appeals' opinion (*see* App. 4a-7a) and form the basis for the laches and unclean hands judgment. *Id.* at 23a-28a, 29a-31a. The Petition does not challenge that summary of facts.

## A. Factual Background

Respondent began using its HANA mark in the United States, including in the form of HANA BANK, in July 1994. App. 5a, 24a. Petitioner first used the mark HANA FINANCIAL in April 1995. *Id.* at 6a.[1]

The following is a timeline of relevant dates:

**May 1994:** Respondent began providing financial services to Korean expatriates living in the United States. App. 5a. These services initially targeted Korean-American communities in Los Angeles, Chicago, New Jersey, and San Francisco. *Ibid.* Respondent promoted its services as the HANA Overseas Korean Club. *Id.* at 5a-7a.

**July 13, 1994:** Respondent began advertising in the United States. App. 24a. The following advertisement appeared in multiple domestic editions of the *Korea Times*. *See* Court of Appeals Supplemental Excerpts of Record ("C.A. SER") 206-210. The *Korea Times* was written in the Korean language, as it circulated among a Korean

1. Petitioner incorrectly asserts that it is "undisputed" that "respondents began using the mark 'Hana Bank' seven years after petitioner first used its mark 'Hana Financial.'" Petition at 7.

speaking readership. Respondent's advertisement, duplicated below, contains multiple references to the mark HANA (highlighted here in yellow for convenience) including as part of the mark HANA BANK:

The following is an English translation of the ad, highlighted for convenience (collectively the "Advertising Images"). C.A. SER 208-210. Only Korean language versions of this advertisement appeared in the *Korea Times* in keeping with the rest of the publication.

As depicted, respondent's advertisement features the HANA BANK mark in Korean, the HANA mark in both Korean and English, including as part of the phrase HANA Overseas Korean Club, and respondent's "Dancing Man Logo," pictured below:

Between this date and the time of trial, the HANA BANK mark, the HANA mark, and the Dancing Man Logo also continuously appeared on customer applications. App. 5a.

**July 1994:** United States customers addressed inquiry letters to respondent by name. App. 24a.

**August 5, 1994:** United States customers started applying to become members of the HANA Overseas Korean Club. App. 24a. Between this date and the time of trial:

- United States customers knew that Hana Bank operated the Overseas Korean Club (*Id.* at 6a);
- Respondent was well-known worldwide, and customers knew respondent by its Hana Bank name (*Id.* at 17a);
- Respondent provided services to as many as 11,500 United States residents under its Hana Bank name (*Id.* at 6a, 25a);
- Hana Bank branches in Korea wired funds to customers in the United States almost every day (*Id.* at 6a); and

- Respondent remitted over $37 million (under its own name) to the United States on behalf of customers (*Ibid.*).

**August 15, 1994:** Petitioner was incorporated. App. 6a.

**April 1, 1995:** Petitioner first used its HANA trademark in interstate commerce. App. 6a.

### B. Procedural History

Respondent twice obtained a defense judgment on the issue of trademark priority, first as a matter of law on summary judgment and again as an issue of fact before a jury. Throughout these proceedings, petitioner alternately favored and objected to treatment of tacking as an issue of fact, but whether on summary judgment or at trial, the outcome consistently favored respondent.

#### 1. Summary Judgment Proceedings

In 2008, respondent moved for summary judgment on the basis of its own trademark priority. App. 7a. The court issued a defense judgment, finding as a matter of law that respondent had established priority. *Ibid.* Petitioner appealed, arguing that trademark priority hinged on key findings of fact requiring a jury trial. In 2010, a Ninth Circuit appellate panel on a 2-1 basis agreed that factual issues remained, and remanded for trial. *Ibid.*

#### 2. Jury Trial

The case was tried before a jury in May 2011. App. 8a. Petitioner, not respondent, raised the tacking issue

with the jury, and the jury was properly instructed on the subject. *Id.* at 8a-9a. Petitioner did not challenge the instruction either before the district court or at the appellate level, presumably because the instruction was substantially identical to the one proposed by petitioner. *Id.* at 9a.

The jury rejected petitioner's tacking argument, and unanimously issued a defense verdict on the basis of respondent's trademark priority. App. 9a. Following an advisory verdict on separate equitable defenses, the district court also issued judgment in favor of respondent on the basis of laches. *Id.* at 29a-30a. Finally, the court issued a defense judgment on the basis of petitioner's unclean hands. *Id.* at 30a-31a.

### 3. Second Appeal To The Ninth Circuit

Petitioner appealed the three-count defense judgment, this time arguing that the trial court erred by failing to decide tacking as a matter of law. App. 10a. The Ninth Circuit affirmed, holding that the properly-instructed jury was entitled to make the fact finding that the tacking doctrine applied to establish respondent's priority, and that the jury reasonably concluded that respondent's brand identity, which included HANA, HANA BANK, and the Dancing Man Logo, conveyed a consistent continuous commercial impression over the relevant time period. *Id.* at 16a.

As for the perceived circuit split involving the tacking doctrine, the Ninth Circuit explained that this actually stems from a broader split involving the likelihood of confusion test:

> The Federal and Sixth Circuits evaluate tacking as a question of law consistent with their view that the analogous trademark issue of likelihood of consumer confusion is a question of law. As we view likelihood of confusion as a question of fact, we have also determined that tacking presents a question of fact. Although the other circuits have not decided the issue yet, the district courts in circuits where likelihood of confusion is a question of fact also treat tacking as a question of fact.

App. 12a, n.5 (internal citations omitted).

The appellate court was not bound to affirm the judgment simply because the trial court treated tacking as an issue of fact. Petition at 9. Indeed, the Ninth Circuit has previously held that tacking *can* be treated as a matter of law when "reasonable minds cannot differ and the evidence permits only one conclusion." *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006). It could have done so here, but did not because it found that the unique facts of the case support the jury's application of the tacking doctrine.

## III. SUMMARY OF ARGUMENT

Certiorari is unwarranted for three reasons:

*First*, certiorari would not resolve the real conflict among the circuits. Tacking is rarely applicable in trademark infringement matters. Courts' treatment of tacking follows lockstep a split on the larger issue of whether the hallmark "likelihood of confusion" test should

be treated as an issue of fact or matter of law. This case does not present the likelihood of confusion test because it was decided at the threshold issue of trademark priority. But, once the Court takes up the likelihood of confusion question through an appropriate vehicle for review, tacking application will automatically fall into line. Until that time, separate intervention on tacking is unnecessary because the circuits apply substantive tacking law uniformly.

*Second*, the Ninth Circuit properly evaluated tacking as an issue of fact because it is a consumer perception inquiry suitable for evaluation by a jury, which best approximates a group of consumers. No single case outcome warrants depriving consumers from considering a consumer perception inquiry in favor of a single judge. Certainly, this case outcome does not justify such intervention. To the contrary, both the jury and the Ninth Circuit properly found tacking applicable under the unique facts of this case.

*Third*, this case does not present an appropriate vehicle for review because resolution of the asserted split is irrelevant to its ultimate outcome. Tacking is only one subpart of the trademark priority analysis, and the district court based its defense judgment on two additional bases, laches and unclean hands. These additional bases are not before the Court.

## IV. REASONS FOR DENYING THE PETITION

### A. Certiorari Review Of This Case Cannot Remedy The True Circuit Split On Likelihood Of Confusion, Which The Tacking Split Merely Follows

"[T]here has been scant case law interpreting the tacking test, particularly at the district court level." 1-3 Anne Gilson LaLonde, *Gilson on Trademarks* § 3.03 (Matthew Bender). Only three circuits have evaluated whether tacking should be applied as an issue of fact or matter of law, the Federal, Sixth, and Ninth Circuits. Their treatment results from a split between all of the circuits on a much larger issue of trademark jurisprudence, namely whether the "likelihood of confusion" test for trademark infringement should itself be evaluated as an issue of fact or a matter of law.

The Court should not grant certiorari to separately review the infrequently appearing question of whether tacking should be applied as an issue of fact or matter of law. Courts' treatment of tacking has followed lockstep the well-developed split on application of the likelihood of confusion test. Resolution of that larger question will automatically resolve the resulting tacking split. This case does not present an opportunity to address likelihood of confusion because it was resolved on the threshold issue of trademark priority. But, until the Court finds a suitable opportunity to resolve the likelihood of confusion question, inconsistency among a few circuits on application of tacking as either an issue of fact or matter of law is tolerable because substantive tacking law remains consistent. Each circuit applies the same substantive tacking test under the same narrow guidelines.

### 1. Tacking Versus Likelihood Of Confusion

In some cases, the tacking doctrine may be relevant to the issue of trademark priority or whether a trademark was abandoned through non-use. *See* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:25 (4th ed. 2014). Tacking is only at issue where marks have changed over time, so it is rarely considered. 1-3 Gilson, *supra*, at § 3.03.

Two marks may be tacked where they are "legal equivalents." *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991) (internal citation omitted). "Marks are deemed to be legal equivalents if they create the same continuing commercial impression." Mark Gideon and Jacob Jacoby, *Continuing Commercial Impression: Applications and Measurement*, 10 Marq. Intell. Prop. L. Rev. 433, 441 (2006); *see also George & Co. v. Imagination Entm't Ltd*, 575 F.3d 383, 402 (4th Cir. 2009); *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998) (applying *Van Dyne-Crotty*); *Van Dyne-Crotty*, 926 F.2d at 1159 (internal citation omitted). The commercial impression test evaluates the perception of an average consumer to determine whether two marks are similar enough to convey the same commercial impression.

Likelihood of confusion is the hallmark test for trademark infringement under both common law and the federal Lanham Act. 15 U.S.C. §§ 1114(1), 1125(a); 4 McCarthy, *supra*, at § 23:1 (*citing* Restatement Third, Unfair Competition, § 20, comment d (1995) ("The term 'likelihood of confusion' has long been used to describe the

standard of liability for trademark infringement in actions at common law under federal and state trademark and unfair competition statutes.")). Once the parties' relative priority dates are sorted out, every claim for trademark infringement necessarily includes a likelihood of confusion analysis. 4 McCarthy, *supra*, at § 23:1. Multiple factors are assessed to evaluate whether consumers are likely to be confused. The Ninth Circuit considers eight factors reflecting the marks themselves along with their respective goods and markets. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). Other circuits apply the same or similar tests.[2] The likelihood of confusion test considers whether consumers are likely to be confused into perceiving a connection or affiliation between the parties based on their respective marks.

Hence, tacking and likelihood of confusion are different inquiries, but both are the same type of test, evaluating the perceptions of average consumers.

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2. *See Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482 (1st Cir. 1981); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961); *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460 (3d Cir. 1983); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522 (4th Cir. 1984); *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166 (5th Cir. 1986), *cert. denied*, 481 U.S. 1069 (1987); *Frisch's Rests., Inc. v. Elby's Big Boy*, 670 F.2d 642 (6th Cir. 1982), *cert. denied*, 459 U.S. 916 (1982); *Helene Curtis Indus., Inc. v. Church & Dwight Co.*, 560 F.2d 1325, 1330 (7th Cir. 1977), *cert. denied*, 434 U.S. 1070 (1978); *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980); *Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831 (10th Cir. 2005); *Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes and of Malta v. Fla. Priory of Knights Hospitallers of Sovereign Order of Saint John of Jerusalem, Knights of Malta, Ecumenical Order*, 702 F.3d 1279, 1294 (11th Cir. 2012); *In re E. I. Du Pont de Nemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973).

### 2. Whether Tacking Is Treated As An Issue Of Fact Or A Matter Of Law Follows Lockstep Application Of The Likelihood Of Confusion Test

Courts considering whether tacking should be applied as an issue of fact or as a matter of law generally hold that tacking should follow treatment of likelihood of confusion because both are the same type of test. This maxim was established by the Federal Circuit in *Van Dyne-Crotty*, 926 F.2d at 1159. It has been followed by all courts to consider the issue. *See One Indus., LLC v. Jim O'Neal Distrib.*, 578 F.3d 1154, 1160 (9th Cir. 2009); *Quiksilver*, 466 F.3d at 759; *Data Concepts*, 150 F.3d at 623-24; *Louangel, Inc. v. Darden Rests., Inc.*, 2013 WL 1223653, *2 (S.D. Tex. 2013); *Specht v. Google Inc.*, 758 F. Supp. 2d 570, 583 (N.D. Ill. 2010); *Adventis, Inc. v. Consol. Prop. Holdings, Inc.*, 2006 WL 1134129, *4+ (W.D. Va. 2006); *Patterson v. World Wrestling Entm't, Inc.*, 2006 WL 273527, *17 (E.D. Wis. 2006) (following *Navistar*); *KeyCorp v. Key Bank & Trust*, 99 F. Supp. 2d 814, 819 (N.D. Ohio 2000); *Advance Stores Co. v. Refinishing Specialties*, 948 F. Supp. 643, 653 (W.D. Ky. 1996), *judgment aff'd*, 188 F.3d 408, (6th Cir. 1999); *Navistar Int'l Transp. Corp. v. Freightliner Corp.*, 1998 WL 786388, *5 (N.D. Ill. 1998). The only anomaly is the recently decided case of *Reynolds Consumer Prods., Inc. v. Handi-Foil Corp.*, 2014 WL 794277, *3 (E.D. Va. 2014), where tacking was applied as a matter of law upon stipulation of the parties notwithstanding precedent within the Fourth Circuit previously applying the tacking standard as an issue of fact. *See Adventis*, 2006 WL 1134129 at *3.

> The Ninth Circuit explained this approach in *Quiksilver*:
>
> The Federal Circuit arrived at its conclusion by citing to, and relying on, its cases that treat "likelihood of confusion"—an analogous consideration—as a question of law. In reaching the same conclusion, the Sixth Circuit relied on the Federal Circuit's decision in *Van Dyne-Crotty, Inc.*
>
> In contrast, we have analyzed likelihood of confusion as a question of fact. Applying the approach of the Federal Circuit and the Sixth Circuit, we conclude that because we have analyzed the analogous consideration of likelihood of confusion as a factual question, whether tacking applies should also be analyzed as a question of fact. Although the outcome differs, the approach is consistent with that taken by our sister circuits.

*Quiksilver*, 466 F.3d at 759 (citations omitted).

Under this pervasive analysis, if a court finds that likelihood of confusion is a matter of law or a mixed question of law and fact, then it also finds that tacking is a matter of law. *See Data Concepts*, 150 F.3d at 623-24 (likelihood of confusion is a mixed question); *Van Dyne-Crotty*, 926 F.2d at 1159; *KeyCorp*, 99 F. Supp. 2d at 819; *Advance Stores*, 948 F. Supp. at 653 (likelihood of confusion is a mixed question).

Conversely, if a court finds that likelihood of confusion is an issue of fact, then it also finds that tacking is an issue of fact. *See One Indus.*, 578 F.3d at 1160; *Quiksilver*, 466 F.3d at 759; *Louangel*, 2013 WL 1223653 at *2; *Specht*, 758 F. Supp. 2d at 583; *Adventis*, 2006 WL 1134129 at *3+; *Patterson*, 2006 WL 273527 at *17; *Navistar*, 1998 WL 786388 at *5.

Though the two tests could theoretically be treated in isolation, courts generally agree that they should be treated consistently and that tacking merely follows likelihood of confusion. This approach is logical. Under both tests, the key inquiry is whether consumer perception should be evaluated as an issue of fact or matter of law. But, between the tests, likelihood of confusion is the hallmark trademark infringement inquiry while tacking is ancillary.

### 3. The Tacking Question Will Resolve Itself Upon Resolution Of The Likelihood Of Confusion Question

"While issues of priority, secondary meaning, assignment, and the like may be present in some cases, the test of likelihood of confusion is the touchstone of trademark infringement as well as unfair competition." 4 McCarthy, *supra*, at § 23:1. The question of whether trademark consumer perception inquiries should be evaluated as an issue of fact or a matter of law should be resolved through the likelihood of confusion test rather than the comparatively rare tacking test.

The majority of circuits evaluate likelihood of confusion as an issue of fact. Specifically, the First, Third,

Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh, and D.C. Circuits apply this approach. *See De Costa v. Columbia Broad. Sys., Inc.*, 520 F.2d 499 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976); *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187 (3rd Cir. 1990); *Marcon, Ltd. v. Helena Rubenstein, Inc.*, 694 F.2d 953 (4th Cir. 1982), *aff'd*, 225 U.S.P.Q. 895 (4th Cir. 1985), *cert. denied*, 474 U.S. 825 (1985); *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, n.21 (5th Cir. 1990); *Munters Corp. v. Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990), *cert. denied*, 498 U.S. 1016 (1990); *ConAgra, Inc. v. George A. Hormel & Co.*, 990 F.2d 368 (8th Cir. 1993); *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601 (9th Cir. 1987); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656 (10th Cir. 1987); *Bauer Lamp Co., Inc. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991); *Readers Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804 (D.C. Cir. 1987).

The International Trademark Association has called upon this Court to adopt the majority standard, evaluating likelihood of confusion as an issue of fact. *See Excerpts from the International Trademark Association's Amicus Brief in L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 84 Trademark Rep. 79 (1994). Only the Second, Sixth, and Federal Circuits treat likelihood of confusion as either a partial or whole matter of law. *See Murphy v. Provident Mut. Life Ins. Co.*, 923 F.2d 923 (2d Cir. 1990), *cert. denied*, 502 U.S. 814 (1991); *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595 (6th Cir. 1991); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 123 (1969), *rev'd*, 401 U.S. 321 (1971).

As the more prevalent and significant test in trademark jurisprudence, the likelihood of confusion question is the appropriate vehicle for review of whether consumer perception inquiries should be decided by a jury rather than a judge. Separate review of the comparatively rare tacking question is unnecessary because resolution of the likelihood of confusion question will effectively also resolve that split. Though not at issue in this Petition, the Court has had several occasions to address the question of how to treat likelihood of confusion, suggesting that the issue will continue to arise until it is decided in that context. *See L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir. 1993), *cert. denied*, 510 U.S. 908 (1993); *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423 (7th Cir. 1985), *cert. denied*, 475 U.S. 1147 (1986); *Frisch's Rest., Inc. v. Elby's Big Boy, Inc.*, 670 F.2d 642 (6th Cir. 1982), *cert. denied*, 459 U.S. 916 (1982). Resolution of that split will also resolve the resulting split on tacking.

### 4. Substantive Tacking Law Is Consistent Among The Circuits

This Court need not grant certiorari to correct any inconsistency in substantive tacking law because it is already uniform. Substantive tacking law is consistent among the circuits, so there is no risk of forum shopping notwithstanding that some courts consider tacking as an issue of fact and others consider it as a matter of law.

Petitioner highlights *Van Dyne-Crotty* as establishing the proper standard for tacking. Petition at 4. All circuit courts to consider tacking follow the *Van Dyne-Crotty* standard, applying tacking only where two marks are "legal equivalents" because they create "the same,

continuing commercial impression." *See One Indus.*, 578 F.3d at 1160; *George & Co.*, 575 F.3d at 402; *Quiksilver*, 466 F.3d at 760; *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1347 (Fed. Cir. 2001); *Data Concepts*, 150 F.3d at 623. District courts have consistently applied the same test. *See, e.g.*, *Louangel*, 2013 WL 1223653 at *2 ("Whether it is considered a question of law or fact, the test for tacking appears to be universally recited."); *see also Specht*, 758 F. Supp. 2d at 583; *Adventis*, 2006 WL 1134129 at *4; *Patterson*, 2006 WL 273527 at *17; *KeyCorp*, 99 F. Supp. 2d at 819.

The appellate courts likewise consistently follow *Van Dyne-Crotty*'s mandate that tacking is to be used in exceptionally rare circumstances. *See One Indus.*, 578 F.3d at 1160; *George & Co.*, 575 F.3d at 402; *Quiksilver, Inc.*, 466 F.3d at 758; *Data Concepts*, 150 F.3d at 623. District courts act in conformity. *See, e.g.*, *Louangel*, 2013 WL 1223653 at *3; *Specht*, 758 F. Supp. 2d at 583; *Adventis*, 2006 WL 1134129 at *4; *KeyCorp*, 99 F. Supp. 2d at 819.

This case's individual result does not alter the uniformity with which substantive tacking doctrine is applied nor demonstrate that a jury is more likely to allow tacking than a judge, as suggested by petitioner. To the contrary, priority was found both on summary judgment by a judge and following trial by a jury in this case. App. 7a-9a. On appeal, the Ninth Circuit specifically followed *Van Dyne-Crotty*, *Data Concepts*, and the mandate that tacking be applied sparingly. *Id.* at 13a-14a, n.7. The unique facts of this case simply present one of the "exceptionally rare" circumstances where tacking is permissible under *Van-Dyne Crotty*.

A survey of tacking law across the circuits, and even in this case, demonstrates that substantive tacking law is consistent and uniform thereby eliminating any meaningful risk of forum shopping. Separate intervention on the question of whether tacking is applied as an issue of fact or matter of law is unwarranted because substantive tacking law is itself consistent, with each circuit applying the same test under the same narrow guidelines.

## B. The Ninth Circuit's Decision Is Correct

The Court's intervention is further unwarranted because the Ninth Circuit properly followed the majority of district courts in evaluating tacking as an issue of fact in this case. As a consumer perception inquiry, tacking should be applied as an issue of fact, not as a matter of law. Both the jury and the Ninth Circuit properly found tacking applicable under the unique facts of this case.

### 1. The District Court And The Ninth Circuit Properly Evaluated Tacking As A Factual Issue, Not As A Matter Of Law

The tacking standard should be evaluated as an issue of fact, not as a matter of law. When tacking is applied as a matter of law, only the marks themselves are evaluated for *prima facie* similarity. *See Data Concepts*, 150 F.3d at 623 ("A determination of legal equivalence may be based on 'the visual or aural appearance of the marks themselves.'") (citations omitted). However, when applied as an issue of fact, marketplace realities also come to bear on assessing consumer perception. *See, e.g., Adventis*, 2006 WL 1134129 at *5 ("Both [the likelihood of confusion and tacking] analyses are inherently factual because they depend on

the unique facts and circumstances of each case, and the fact finder must ultimately weigh the merits of the issue when facts are disputed.") (citations omitted); *see also* 3 McCarthy, *supra*, at § 17:26; Mark & Jacoby, *supra*, at 457 (the tacking inquiry should be made by evaluating a variety of evidence demonstrating consumers' perception, ideally including survey evidence). The latter approach, taken by the Ninth Circuit and district courts evaluating tacking as an issue of fact, is correct because it better evaluates the ultimate tacking inquiry—how consumers perceive the marks in question.

Petitioner suggests that because tacking is allowed where two marks are "legal equivalents" the test must be "legal" in nature and therefore appropriate for a judge instead of a jury. Petition at 22. This argument shortchanges the actual test. The tacking test evaluates whether two marks create the "same commercial impression" to determine whether they are indeed legal equivalents. *Van Dyne-Crotty*, 926 F.2d at 1160; *see also* 1-3 Gilson, *supra*, at § 3.03 ("A trademark owner may 'tack' its use of an earlier mark onto a later mark for priority purposes if the two marks are used in connection with the same goods or services and make the 'same, continuing commercial impression' on members of the relevant purchasing public.").

Commercial impression is the meaning, idea, or mental impression that a trademark conveys or evokes. Mark & Jacoby, 10 Marq. Intell. Prop. L. Rev. at 434 (*citing Spice Islands, Inc. v. Frank Tea & Spice Co.*, 505 F.2d 1293, 1296 (C.C.P.A. 1974)). Whether two marks create the same commercial impression is a consumer perception inquiry; it is the impression of ordinary purchasers of the

product in question that matters. *See Brookfield*, 174 F.3d at 1048 ("[T]acking should be allowed if two marks are so similar that consumers generally would regard them as essentially the same."); *Data Concepts*, 150 F.3d at 623 (tacking is permitted "only if . . . consumers consider both as the same mark"); *Van Dyne-Crotty*, 926 F.2d at 1159 ("the consumer should consider both as the same mark").

A consumer perception test fundamentally differs from patent construction, which petitioner incorrectly proffers as an analogous judicial function. "A patent is a legal instrument, to be construed, like other legal instruments, according to its tenor." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996). Construing legal documents, as in patent construction, is "one of those things that judges often do and are likely to do better than jurors." *Ibid.* But, consumer perception plays no role in patent construction. In the context of petitioner's patent analogy, commercial impression is more akin to whether two products are sufficiently similar to be infringing, an issue reserved for the jury in patent cases. *Id.* at 386.

Petitioner would give the "central place" in evaluating tacking to the "role of precedent" as applied by a judge. Petition at 10, 21-22. On the contrary, that central place belongs to consumers. Tacking "requires a highly fact-sensitive inquiry." *One Indus.*, 578 F.3d at 1160. Evaluating facts on a case-by-case basis to discern a brand's commercial impression is the critical inquiry. *See, e.g., Brookfield*, 174 F.3d at 1048; *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty*, 926 F.2d at 1159. Past precedent, which represents other trademarks evaluated under different factual circumstances, is less instructive. Petitioner cites numerous non-trademark cases in support

of its contrary theory. *See Ornealas v. United States*, 517 U.S. 690, 697 (1996) (considering probable cause under the Fourth Amendment); *Salve Regina Coll. v. Russell*, 499 U.S. 225, 227-28 (1991) (breach of contract and related claims stemming from a university's refusal to educate an obese nursing student who failed to lose weight); *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 488 (1984) (considering a product disparagement action). These cases are inapposite as they address non-analogous causes of action, none of which require an analysis of consumer perception.

Consumer perception inquiries are best left to jury members who approximate everyday consumers, whose opinion is paramount in this inquiry. Trademark scholar J. Thomas McCarthy agrees, criticizing *Van Dyne-Crotty*, and arguing that tacking should be applied as an issue of fact:

> In the author's view, whether two marks present the same commercial impression to allow tacking should be an issue of fact, not an issue of law. Statements in some cases that the "legal equivalents" question is one of law cannot be correct. "Commercial impression," like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services.

3 McCarthy, *supra*, at § 17:26 (internal citations omitted).

Historically, "[c]ourts have expressed reluctance toward placing themselves in the role of the relevant consumer." 1-3 Gilson, *supra*, at § 3.03, n.22.6 (*citing*

*Triangle Pubs., Inc. v. Rohrlich*, 167 F.2d 969, 976 (2d Cir. 1948) (Frank, J., dissenting)("As neither the trial judge nor any member of this court is (or resembles) a teenage girl or the mother or sister of such a girl, our judicial notice apparatus will not work well unless we feed it with information directly obtained from 'teen-agers' or from their female relatives accustomed to shop for them.")).

In the tacking context, "[t]he opinion of a court sitting in its ivory tower sheds no light on an issue in which the everyday consumer is the more adept expert." *Adventis*, 2006 WL 1134129 at *5. The Sixth and Federal Circuit's contrary conclusion treating legal equivalence as a pure question of law "seems infirm." Mark & Jacoby, 10 Marq. Intell. Prop. L. Rev. at 441.

> Marks are deemed to be legal equivalents if they create the same continuing commercial impression. The impression is one that is created in consumers. Insofar as the consumers' perspective is determinative, it seems counter-intuitive to conclude, as have the Federal and Sixth Circuits, that the only relevant evidence is that of the visual or aural appearance of the marks themselves.

*Id.* at 441-42. The jury should evaluate not only the marks in question, but the marketplace realities surrounding those marks to determine whether, taken together, those marks create a continuing commercial impression. *Id.* at 443-44.

The majority of district and reviewing courts to consider this issue have decided it correctly, finding that both likelihood of confusion and tacking should be applied as an issue of fact. *See One Indus.*, 578 F.3d at 1160; *Quiksilver*, 466 F.3d at 759; *Louangel*, 2013 WL 1223653 at *2; *Specht*, 758 F. Supp. 2d at 583; *Adventis*, 2006 WL 1134129 at *3+; *Patterson*, 2006 WL 273527 at *17; *Navistar*, 1998 WL 786388 at *5. As more appellate courts consider the issue, and follow likelihood of confusion application, the result will be that a majority of circuits correctly apply the tacking test as an issue of fact without the need for this Court to intervene.

### 2. The Jury Correctly Decided This Case

The specific facts of this case do not justify review, contrary to petitioner's assertion that this case's result demonstrates why tacking should be resolved by a judge instead of a jury (Petition at 23-24). The policy that a jury is particularly well-suited to determine consumer perception issues is not altered by a jury's conclusion in any one particular case. But, if the Court were to evaluate the unique facts of this case, it would find that tacking was properly permitted.

The jury's conclusion was supported by evidence demonstrating that respondent's brand remained consistent between its United States launch in 1994 and the time of trial. The jury considered respondent's marks themselves, early advertisements and customer applications all featuring the respondent's trademarks and logo, and evidence of respondent's long-standing, substantial business with United States residents under its well-known name. *See* Advertising Images, Section

II(A), *supra*; App. 5a-6a, 16a. It also considered evidence about respondent's target market. App. 5a. These unique market factors supported application of the tacking doctrine in this case. Evaluating the jury's conclusion, the appellate court explained:

> [Consumers] would have regarded the Bank's name as "Hana Bank" in English rather than some other possible translation, such as "One Bank." "Overseas Korean Club" and "World Center" would then be non-essential as they merely conveyed what the ordinary purchasers would have already surmised: that the well-known Korean bank was offering financial services to individuals like them living outside of Korea.

*Id.* at 17a-18a. Reevaluation of these facts is not warranted on certiorari. *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 336 U.S. 271, 275 (1949) ("[A] court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional show of error.").

The Ninth Circuit's decision affirming the district court aligns with numerous other decisions allowing trademark tacking. *See, e.g., Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 955 (7th Cir. 1992) (finding priority for THIRST-AID based on use of THIRST AID FIRST AID FOR YOUR THIRST); *Forum Corp. of N. Am. v. Forum, Ltd.*, 903 F.2d 434, 441 (7th Cir. 1990) (THE FORUM CORPORATION OF NORTH AMERICA, THE FORUM CORPORATION and THE FORUM found to

create the same overall commercial impression); *Hess's of Allentown, Inc. v. Nat'l Bellas Hess, Inc.*, 169 U.S.P.Q. 673, 674, 677 (T.T.A.B. 1971) (tacking permitted as between HESS BROTHERS, HESS'S OF ALLENTOWN, HESS, and HESS'S).

The tacking cases described by petitioner are inapposite, as they do not address an analogous situation where a descriptive or generic product name is added to a distinctive house brand. In contrast to this case, *Van-Dyne-Crotty* considered the addition of a distinctive advertising slogan. *Van Dyne-Crotty*, 926 F.2d at 1159-60 (CLOTHES THAT WORK and CLOTHES THAT WORK. FOR THE WORK YOU DO.). Additionally, different market factors appeared to influence the *Van-Dyne-Crotty* court's conclusion, as the party seeking to tack had acquired the CLOTHES THAT WORK. FOR THE WORK YOU DO. trademark from a third party for the express purpose of trying to establish priority. *Ibid.*

The *Data Concepts* court addressed changes in stylization and capitalization. *Data Concepts*, 150 F.3d at 623 ( versus **DCI.com**) (image depicted in 3 McCarthy, *supra*, at § 17:27). The appellate court properly distinguished that decision on the basis that neither were at issue in the case at bar, where respondent's use of the Dancing Man Logo was consistent over time. App. 13a-14a, n.7.

In *Am. Paging Inc. v. Am. Mobilphone Inc.*, 13 U.S.P.Q.2d 2036, 2038 (T.T.A.B. 1989), the Trademark Board considered market factors beyond the marks themselves, namely that AMERICAN MOBILPHONE and AMERICAN MOBILPHONE PAGING had been specifically used to appeal to different customer markets.

*Id.* at 2039. Differences in the way those marks were actually used weighed against tacking notwithstanding that the marks themselves were visually similar. *Ibid.* Notably, the facts of that case were expressly distinguished from a situation where the term "bank" was properly appended to a house brand. *Ibid.* Adding "bank" merely communicates a banking institution's services so does not alter two marks' legal equivalence, a conclusion which bolsters the decision in this case.

### C. Because The Tacking Issue Is Irrelevant To The Case's Ultimate Outcome, It Does Not Merit Review

Certiorari is further unwarranted because resolution of the question presented is irrelevant to the case's ultimate outcome, as the judgment below was based on additional grounds not before this Court.

#### 1. The Defense Judgment Is Based On Two Independent Theories Not Before This Court

The defense judgment was based on three independent theories: (i) trademark priority; (ii) laches; and (iii) unclean hands. App. 9a. The Petition raises only the issue of tacking, which is only a subpart of the trademark priority finding. Petition at 1. Petitioner has not presented any question regarding laches or unclean hands. *See* Sup. Ct. R. 14.1(a) ("Only the questions set out in the petition, or fairly included therein, will be considered by the Court."); *Radzanower v. Touche Ross & Co.*, 426 U.S. 148, 151, n.3 (1976) ("[W]e consider only the questions set forth in the petition or fairly comprised therein.")(internal quotation marks and brackets omitted).

The finding of laches offers a complete and independent basis for a defense judgment. *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 835 (9th Cir. 2002) ("laches is a valid defense to Lanham Act claims"), *cert. denied*, 537 U.S. 1047 (2002); *see also Ancient Egyptian Arabic Order v. Michaux*, 279 U.S. 737, 748 (1929) (laches barred relief on pre-Lanham Act common law claim); *Creswill v. Grand Lodge Knights of Pythias*, 225 U.S. 246, 262-63 (1912) (barring relief on analogous common law claim).

Likewise, the finding of unclean hands presents a complete and independent bar against petitioner's claims. *Worden v. Cal. Fig Syrup Co.*, 187 U.S. 516, 535 (1903) ("[i]t is well settled that if a person wishes his trade mark property to be protected by a court of equity, he must come into court with clean hands"); *Japan Tel., Inc. v. Japan Tel. Am., Inc.*, 287 F.3d 866, 870 (9th Cir. 2002) ("Unclean hands is a defense to a Lanham Act infringement suit.").

Hence, even if the tacking standard were applied as advocated by petitioner, the defense judgment would stand. This case is a poor vehicle for review because a decision by this Court would not change its outcome.

### 2. Respondent Established Priority Without Invoking Rules Of Tacking

Respondent need not rely on tacking to establish trademark priority and did not expressly do so at trial. The jury found that respondent had priority without specific reference to trademark tacking. Court of Appeals Excerpts of Record 37. Even if this Court were to prohibit consideration of "HANA Overseas Korean Club" in the

priority analysis, sufficient evidence remains to affirm the jury's verdict because respondent independently established trademark priority based on use of the composite mark HANA BANK continuously since 1994.

The HANA BANK mark appeared numerous times in both advertising and on its ongoing customer applications. *See* Advertising Images, Section II(A), *supra*; App 5a, App. 24a. Respondent provided continuous, substantial services to those customers under its well-known name between 1994 and the time of trial. *See* Section II(A), *supra*. Respondent's Korean target market, which was already familiar with respondent due to its large Korean presence, was another unique factor leading the Ninth Circuit to affirm the jury's priority finding. App. 17a ("The ordinary purchasers of these services were Korean-speaking consumers (consisting of Korean expatriates and Korean Americans) that likely had a preexisting awareness of the Bank due to its ongoing business presence in Korea.").

The jury's priority finding in this case was fact-specific based on respondent's advertising efforts and ongoing business with United States customers under its well-known name. Reevaluation of the particular facts of this case does not justify certiorari review. *See* Sup. Ct. R. 10 ("petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law"); *Graver Tank*, 336 U.S. at 275; *United States v. Johnston*, 268 U.S. 220, 227 (1925) ("We do not grant a certiorari to review evidence and discuss specific facts.").

## CONCLUSION

Petitioner has not established any compelling reasons for this Court to grant its Petition. Therefore, respondent respectfully requests that the Petition be denied.

Respectfully submitted,

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# REPLY BRIEF

No. 13-1211

# In the Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

v.

HANA BANK & HANA FINANCIAL GROUP,

*Respondents.*

**On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## REPLY BRIEF FOR PETITIONER

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## REPLY BRIEF FOR PETITIONER

Respondents do not dispute that the circuits are divided on the question presented. They cannot deny that this precise question arises with considerable frequency throughout the country. And they do not contest that this case would be decided differently by the Sixth and Federal Circuits. These points are reason enough to grant certiorari; the long-standing, broadly acknowledged, and frequently litigated circuit split with respect to the question presented warrants resolution.

In this context, respondents' contentions miss the mark. Respondents' *first* argument—that the question presented in the petition follows in "lockstep" from the different circuit split regarding the standard for *likelihood of confusion* at issue in trademark infringement—is plainly incorrect. Whether or not consumer confusion for purposes of trademark infringement is a question of law or fact says nothing about the issue relevant here, the proper characterization of the "legal equivalence" test for trademark tacking: While demonstrating consumer confusion is *sufficient* to show trademark infringement, trademark tacking requires the consumer confusion to be so severe that the marks qualify as "legal equivalents." Thus, a case presenting the infringement issue *cannot* resolve the question presented.

Respondents' *second* argument—that the court below properly concluded that trademark tacking presents a question of fact, not law—fails for similar reasons. Respondents point to factors relating to consumer confusion, positing that these are issues of fact. Even were that true, that says nothing about the ultimate question posed in the context of tack-

ing—whether the similarities are so extensive that the two marks qualify as "legal equivalents." Here, the lower court thought that this ultimate question was one of fact, and thus it considered itself bound to the jury's determination. But that decision was wrong: the question of legal equivalency is necessarily a question of law for the court.

*Finally*, respondents are wrong to contend that tacking is irrelevant to this case. It was the *sole* basis for the decision below. Respondents' alternative contentions—which the lower court expressly did not reach—are merely issues that would remain on remand. Accordingly, these contentions say nothing about whether review is warranted now.

### A. The Circuit Split Regarding Likelihood Of Confusion Is Not A Reason To Deny Certiorari.

Respondents do not deny that the circuits are sharply divided on the question presented in this case—whether trademark tacking presents a question of fact or law. They instead assert that this issue arises in "lockstep" with a different question—whether the likelihood of confusion at issue in trademark infringement is a question of fact or law. Respondents demonstrate that the circuits are divided ten-to-three on this other issue. Opp. 16-17. And respondents contend that, although "tacking and likelihood of confusion are different inquiries," they "both are the same type of test, evaluating the perceptions of average consumers." *Id.* at 13. Resolution of the issue in the trademark infringement context, according to respondents, therefore "will automatically resolve the resulting tacking split." *Id.* at 11. This argument is wrong for two reasons.

First, resolution of the infringement issue cannot resolve the question presented here because the trademark tacking doctrine has an additional facet not present in the infringement context. Although a finding that two marks are "confusingly similar" is sufficient for trademark *infringement*, it is not enough for trademark *tacking*. Instead, for the tacking doctrine to apply, the marks must be so similar that they qualify as "legal equivalents." *Van Dyne-Crotty, Inc.* v. *Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). See also *George & Co.* v. *Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Quiksilver, Inc.* v. *Kymsta Corp.*, 466 F.3d 749, 758 (9th Cir. 2006); *Data Concepts, Inc.* v. *Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998). The tacking standard is thus "considerably higher" than that for infringement. *Brookfield Commc'ns, Inc.* v. *W. Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999).

As we demonstrate (Pet. 20-22; *infra*, 5-8), it is *this* aspect of "legal equivalence" that mandates treatment of tacking as an issue of law. Because this element is not present in trademark infringement, resolution of an infringement case simply cannot resolve the question presented here.

In fact, respondents' contention (Opp. 14-16) that the approach a circuit takes to the likelihood of confusion question controls the issue presented here is demonstrably wrong. For example, although the Seventh Circuit treats the likelihood of confusion as a question of fact (Opp. 17 (citing *Munters Corp.* v. *Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990))), a district court in that circuit nonetheless concluded that tacking is a question of law. See *Gaffrig Performance Indus., Inc.* v. *Livorsi Marine, Inc.*, 2001 WL

709483, at *8 (N.D. Ill. 2001). Likewise, while the Fourth Circuit treats likelihood of confusion as a question of fact (Opp. 17 (citing *Marcon, Ltd.* v. *Helena Rubenstein, Inc.*, 694 F.2d 953 (4th Cir. 1982))), a district court in that circuit very recently followed *Van Dyne-Crotty* in concluding that tacking is a question of law. *Reynolds Consumer Prods., Inc.* v. *Handi-Foil Corp.*, 2014 WL 794277, at *3 (E.D. Va. 2014). Contrary to respondents' assertion that *Reynolds* was merely the product of the parties' stipulation (Opp. 14), the court concluded that the result was "compel[led]" in part by "the Fourth Circuit's reliance on *Van Dyne-Crotty*." *Reynolds Consumer Prods.*, 2014 WL 794277, at *3.

Second, to the extent that the tacking and "likelihood of confusion question" involve related considerations, respondents offer no reason at all to believe that the latter offers the more "appropriate vehicle for review." Opp. 18. To the contrary, the paucity of vehicles presenting what respondents characterize as a ten-to-three circuit conflict on the likelihood-of-confusion issue highlights why the Court should address the tacking question first. The most recent case respondents identify as raising the infringement issue was filed in 1993. *Ibid.* In contrast, the tacking conflict is a current and growing one that, as we showed in the petition (at 13-16) has arisen dozens of times in recent years—and since the most recent of the decisions relied upon by respondents. Resolution of that pressing conflict is appropriate now.

**B. The Ninth Circuit Erred.**

Respondents devote the largest part of their argument to the contention that the Ninth Circuit correctly decided this case—both in treating this issue as a question of fact and in affirming the jury ver-

dict. This contention, whatever its merit, is not a reason to deny certiorari in light of a broadly recognized and frequently litigated disagreement among the circuits. But respondents are, in any event, incorrect. See Pet. 16-19.

1. Respondents' argument actually highlights the flaw with their contention that trademark tacking is a question of fact: by making tacking turn on a jury's "case-by-case" assessment of the facts (Opp. 22), it would open the floodgates to claims of tacking, denying litigants the predictability that is essential to intellectual property rights.

In suggesting that the "legal" approach analyzes two marks for "*prima facie* similarity" by considering "visual or aural" distinctions, whereas the "factual approach focuses on "marketplace realities" relating to "consumer perception" (Opp. 20), respondents offer a false dichotomy. In taking the legal approach that we believe correct, the Sixth and Federal Circuits require *both* perception and legal similarity to be present for trademark tacking to apply. As the Federal Circuit has explained, tacking applies only if "the consumer * * * consider[s] both as the same mark" *and* the two marks are so similar that "the later mark" does not "materially differ from or alter the character of the mark attempted to be 'tacked.'" *Van Dyne-Crotty*, 926 F.2d at 1159. The Sixth Circuit agrees. See *Data Concepts*, 150 F.3d at 623.

Respondents do not even attempt to dispute that determining whether or not two marks have this sort of "*prima facie* similarity"—i.e., equivalent "visual or aural appearance"—is a legal question. Opp. 20. See also *Data Concepts*, 150 F.3d at 623. A necessary aspect of the tacking inquiry is thus plainly an issue of law.

Likewise, respondents have little response to our demonstration that the ultimate inquiry—whether or not two marks are "legal equivalents"—is necessarily a legal test. See Pet. 20-23. They say that we "shortchange[] the actual test" (Opp. 21), but they do not, because they cannot, dispute that this is the relevant question.

Instead, respondents focus solely on one facet of tacking—consumer confusion—and contend that "consumers," by way of a jury, should decide tacking on a "case-by-case" basis. Opp. 22. But consumer confusion is considered in service of the ultimate and admittedly legal question of "legal equivalence." Respondents' contention is thus, at best, an argument that this is a mixed question of fact and law, but by their own concession (*id.* at 15) that result would require reversal. Indeed, virtually every legal question has some factual aspect, and thus "falls somewhere between a pristine legal standard and a simple historical fact." *Miller* v. *Fenton*, 474 U.S. 104, 114 (1985). Here, however, any factual issue is "subsumed" by the legal test. *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 389 (1996).

In any event, respondents are wrong to contend that the "consumer" aspect of the test makes it a factual question for the jury. Patent construction provides a close analogy: ordinarily, "[c]laim terms are given their ordinary meaning to one of skill in the art." *Lighting Ballast Control LLC* v. *Philips Elecs. N. Am. Corp.*, 744 F.3d 1272, 1289 (Fed. Cir. 2014). Although a court must view the issue through the lens of one skilled in the art—which poses factual questions as to what one skilled in the art would think—the ultimate inquiry is nonetheless a question of law. *Markman*, 517 U.S. 384-388. Likewise, in

the context of tacking, that a court may view marks through the lens of an ordinary consumer does not alter the fundamentally legal nature of the inquiry.

2. Although the Ninth Circuit's legal error is a sufficient reason for the Court to reverse and remand, the particulars of this case highlight the practical effects of the wayward approach taken below.

Respondents do not deny that tacking is supposed to be "exceedingly strict" and available in only "exceptionally narrow instance[s]." *Brookfield Commc'ns*, 174 F.3d at 1047-1048. The legal holding of the Ninth Circuit, however, significantly undermines this limit, leaving this critical legal inquiry open to manipulation before a jury.

Respondents defend the merits of the tacking decision on the same terms that they defend the lower court's legal ruling: they focus solely on the question of consumer perception. Opp. 25-28. But that disregards the essential "*prima facie*" requirement of "visual or aural" similarity. See *id.* at 20. As respondents appear to recognize (*ibid.*), both the Federal Circuit and the Sixth Circuit, by considering this a legal question, require a threshold showing that there is a "visual or aural" equivalence between the two marks. *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty*, 926 F.2d at 1159.

Here, if that legal test were applied, it would wholly foreclose respondents' *double* tacking theory. Pet. 23-24. Respondents do not contend otherwise: they cannot show that these marks are visually or aurally equivalent. They instead wish to focus solely on consumer perception of brand names, but once a dissimilarity between "the visual or aural appearance of the marks themselves" is shown, "no more

[is] necessary," as tacking is unavailable as a matter of law. *Van Dyne-Crotty*, 926 F.2d at 1159.

This point is not hypothetical: the court below expressly recognized that, "[i]n isolation, the words 'Hana Overseas Korean Club,' 'Hana World Center,' and 'Hana Bank' seem aurally and visually distinguishable." Pet. App. 15a. In the Sixth and Federal Circuits, this conclusion—that the marks "do not look alike"—would have ended the inquiry. *Data Concepts*, 150 F.3d at 623. Not so in the Ninth Circuit, solely because it views the issue as one of fact for the jury. Tellingly, respondents do not deny that the Sixth and Federal Circuits would have returned a different result in this case.

### C. The Tacking Question Is Presented For Review.

Respondents finally contend that the decision below may be supported on alternative grounds. Opp. 28-30. But the Ninth Circuit's decision turned *solely* on the question of trademark tacking at issue in this petition; the court of appeals expressly did "not reach" respondents' alternative arguments. Pet. App. 20a. In these circumstances, the Court should grant certiorari to bring uniformity to the law; alternative arguments left open by the court of appeals could be presented on remand. See, *e.g.*, *Fitzgerald* v. *Barnstable Sch. Comm.*, 555 U.S. 246, 260 (2009). Contrary to respondents' assertion (Opp. 30), a grant of certiorari would not encompass these alternative issues.

1. Although this general rule disposes of respondents' contentions, there are particular reasons why the court of appeals specifically reached the trademark tacking question: it has "continuing rele-

vance to the parties." Pet. App. 20a n.11. For petitioner to have a legally protectable interest in its mark "Hana Financial," it must have priority of use. See Pet. 4. Thus, the tacking question here—which goes to the heart of whether petitioner has priority to the mark "Hana Financial"—has relevance far beyond this infringement suit. It was for that reason that petitioner requested, and the court of appeals agreed, to resolve the trademark tacking question, rather than respondents' alternative arguments. The tacking question is thus undoubtedly in dispute here.

2. Moreover, on remand, there is a significant likelihood that respondents' laches and unclean hands arguments will fail.

Respondents' laches theory—which turns on the contention that petitioner long knew of respondents' infringement (see Pet. App. 29a-30a)—is wrong on several counts. First, *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, No. 12-1315 (2014), which narrowly construed the doctrine of laches in the analogous copyright context, reversed a decision of the Ninth Circuit. Application of *Petrella* to this case is a task for remand.

Second, respondents' laches argument is premised on the incorrect contention that their use of "HANA Overseas Korean Club" and "Hana World Center" between 1994 and 2002 put petitioner on notice of respondents' infringement. See Pet. App. 29a-30a. But that argument fails for reasons similar to respondents' tacking theory. Because those marks differ substantially from "Hana Financial," it is petitioner's contention that infringement began in 2002, when respondents first used "Hana Bank."

Third, the essence of the laches theory—that HFI was put on notice of respondents' use of the HANA Overseas Korean Club mark during a 1995 meeting with an executive of Hana Bank—has already been rejected below. Earlier in this proceeding, respondents brought a fraudulent procurement claim against petitioner, contending that HFI's procurement of the "Hana Financial" mark was fraudulent given this meeting. ER121-122. But the district court rejected that claim, finding that the meeting was not "evidence" of HFI's "knowledge of such rights." *Ibid.* The Ninth Circuit affirmed that judgment (*Hana Fin., Inc.* v. *Hana Bank*, 398 F. App'x 257, 259 (9th Cir. 2010)), meaning that it is now law of the case.

Fourth, application of the equitable laches doctrine is particularly misplaced here, as petitioner brought suit only after respondents announced an intent to operate in California—the same geographic market in which petitioner operates. ER86. Bringing suit only after a defendant damages the plaintiff can hardly be thought so unreasonable so as to trigger laches. See *Petrella*, No. 12-1315 (the owner of a copyright should be allowed to "defer suit until she can estimate whether litigation is worth the candle").

The unclean hands argument fails for similar reasons. The jury below, in an advisory capacity, found for petitioner on this issue. Pet. App. 31a. That was correct: for example, the finding that petitioner did not procure the "Hana Financial" mark via fraud—now law of the case—precludes a finding that petitioner engaged in inequitable practices with respect to that same conduct.

3. Finally, respondents contend that their priority argument is correct because they have used the mark "HANA BANK continuously since 1994." Opp.

30. Respondents do not unpack this assertion, but it appears that they are arguing—as they did below (CA9 Appellee Br. 33-38)—that their foreign language use of the term may qualify for purposes of establishing priority. See Opp. 5 (foreign language translation of advertisement). Again, the court below specifically found that it "need not" address respondents' attempt to "invoke[] the doctrine of foreign equivalents." Pet. App. 17a n.10. Respondents are wrong to suggest that this contributed to the Ninth Circuit's decision (Opp. 30); the court looked instead to consumer perception evidence, which, for reasons we have shown, was error in this case.

In any event, this argument is wrong. The doctrine of foreign equivalents on which respondents hope to rely (see CA9 Appellee Br. 34) provides that a foreign language translation may *infringe* a mark. This doctrine makes good sense: use of a foreign language translation of a trademark may infringe that mark. Respondents, however, attempt to interpose this infringement theory into the very different context of trademark *priority*. Respondents point to no authority suggesting that a foreign language use of a term may establish either trademark tacking or, more generally, priority over a competing mark. Whether the foreign language use of this mark has bearing on priority is a significant, novel question that remains for remand. It is an issue, however, that respondents are likely to lose: given that infringement is a very broad doctrine, whereas trademark tacking and priority of use are quite narrow (see Pet. 4-6), it would be anomalous to apply the foreign equivalents doctrine here.

## CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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MAY 2014

# JOINT APPENDIX

No. 13-1211

# In the Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

v.

HANA BANK & HANA FINANCIAL GROUP,

*Respondents.*

**On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## JOINT APPENDIX


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*Certiorari Granted June 23, 2014*

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HANA FINANCIAL, INC., Plaintiff,

v.

HANA BANK and HANA FINANCIAL GROUP, Defendants.

CV 07-1534 PA(JWJx)

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UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

HANA FINANCIAL, INC.,
Plaintiff-counter-defendant-Appellant,
v.
HANA BANK and HANA FINANCIAL GROUP,
Defendants-counter-claimants-Appellees.
No. 08-55243

HANA FINANCIAL, INC.,
Plaintiff-counter-defendant-Appellee,
v.
HANA BANK and HANA FINANCIAL GROUP,
Defendants-counter-claimants-Appellants.
No. 08-55244

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| NO. | DATE | DESCRIPTION |
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| 13 | 9/22/2008 | Appellant Hana Financial, Inc., opening brief |
| 16 | 11/21/2008 | Appellees Hana Bank and Hana Financial Group, response brief and opening brief on cross-appeal |
| 25 | 1/16/2009 | Appellant Hana Financial, Inc., reply brief and response brief on cross-appeal |

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UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

HANA FINANCIAL, INC.,
Plaintiff- Appellant,
v.
HANA BANK and HANA FINANCIAL GROUP,
Defendants- Appellees.
No. 11-56678

RELEVANT DOCKET ENTRIES

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| 15 | 5/03/2012 | Appellees Hana Bank and Hana Financial Group, answering brief |
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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff,
v.
HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation,
Defendants.

Case No. CV-07-1534

COMPLAINT FOR:

1) TRADEMARK INFRINGEMENT
(15 U.S.C. §1114);
2) TRADEMARK INFRINGEMENT
(15 U.S.C. §1125(a));
3) FALSE DESIGNATION OF ORIGIN
(15 U.S.C. §1125(a));
4) COMMON LAW TRADEMARK
INFRINGEMENT;
5) UNFAIR COMPETITION
(COMMON LAW & CAL. BUS. & PROF. CODE
§17200, *ET SEQ.*)

DEMAND FOR JURY TRIAL

Plaintiff Hana Financial, Inc. brings these claims against Defendant Hana Bank and Defendant Hana Financial Group as follows:

## JURISDICTION AND VENUE

1. This Court has federal subject matter jurisdiction under the Lanham Act 15 U.S.C. §§ 1051 et. seq. proscribing false designation of origin, trademark dilution and trademark infringement. Jurisdiction is conferred under 28 U.S.C. §§ 1331, 1338(a) and 1338(b) and 15 U.S.C. § 1121.

2. This action is also based upon state laws protecting against trademark infringement and unfair competition and deceptive trade practices. This Court has jurisdiction over the state claims pursuant to 28 U.S.C. § 1338(b). This Court also has jurisdiction over the state claims under 28 U.S.C. § 1367(a) and the doctrine of pendent jurisdiction.

3. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391 (b), (c) and (d). The acts and transactions complained of herein were conceived, carried out, made effective, and had effect within the State of California and within this Judicial District, among other places. In addition, upon information and belief, Defendant Hana Financial Group and Defendant Hana Bank are alien corporations.

## PARTIES

4. Plaintiff Hana Financial, Inc. ("Hana Financial") is a privately held corporation organized under the laws of California with a principal place of business located at 1000 Wilshire Boulevard, Suite 2000, Los Angeles, California 90017.

5. Defendant Hana Financial Group is a Korean corporation with a principal place of business located at D & S Building, 27-3, Yeoido-dong, Youngdeungpo-gu, Seoul, 150-010, Republic of Korea.

6. Defendant Hana Financial Group is the parent company of Defendant Hana Bank and is the controlling entity of Defendant Hana Bank. Any and all acts alleged herein to have been committed by Hana Bank are therefore imputed to Hana Financial Group.

7. Defendant Hana Bank ("Hana Bank") is a Korean corporation with a principal place of business located at 101-1 Ulchiro 1-ga, Chung-gu, Seoul 100-191, Republic of Korea.

8. Upon information and belief, Hana Bank has a place of business at 650 Fifth Avenue, 15th Floor, New York, New York 10019.

9. Upon information and belief, Hana Bank transacts business throughout the United States, including, but not limited to, with customers located within this Judicial District.

## BACKGROUND AND FACTS

10. Hana Financial was established in 1994 in Los Angeles, California.

11. Hana Financial is a commercial financial service institution providing specialized services in factoring, asset-based lending, equipment lease financing, trade financing, purchase order financing and real estate financing, including residential mortgage lending.

12. Since its inception in 1994, Hana Financial has grown considerably, having a net volume of over $1.17 billion in 2006 and a projected net volume of $1.7 billion in 2007.

13. Hana Financial has a well established presence and reputation in the marketplace and within

the financial industry for providing excellent service to its customers.

14. Hana Financial has offered its financial services in the United States in interstate commerce under the service mark "HANA FINANCIAL" since at least as early as April 1, 1995. In. addition to customers in California, Hana Financial provides financial services to customers throughout the United States.

15. Hana Financial owns and uses U.S. Trademark Registration No. 1,987,227 for the service mark "HANA FINANCIAL and Design" for use in connection with financial services, namely factoring services, asset based lending, equipment lease financing, international trade financing, purchase order financing, and real estate financing. Registration No. 1,987,227 is listed on the Principal Register of the United States Patent and Trademark Office and is valid and subsisting. A true and correct copy of Registration No. 1,987,227 is attached as Exhibit 1.

16. In an effort to raise community awareness about Hana Financial, since 1996 or 1997, Hana Financial has spent about $1.5 million promoting and advertising its financial services under the "HANA FINANCIAL" service mark.

17. Since 1996 or 1997, Hana Financial has regularly run newspaper and television advertisements, including television advertisements during prime time hours and sponsoring short sports segments after the nightly news on a Korean speaking television station.

18. In addition, Hana Financial has been featured in Korean language newspapers and magazines, including but not limited to, the Korea Central Daily,

the Koreatimes, and K Style. Hana Financial has also been featured in apparel industry, magazines such as California Apparel News and Fashion Market Magazine.

19. As a result of Hana Financial's efforts, the "HANA FINANCIAL" service mark is well recognized by the public who has come to associate Hana Financial as the source of financial services sold under the "HANA FINANCIAL" service mark.

20. Hana Financial's continuous use of the "HANA FINANCIAL" service mark has resulted in the development of immeasurable goodwill associated with Hana Financial and its financial services.

21. Upon information and belief, Hana Bank did not begin using the name "HANA BANK" in the United States until December 2002.

22. Upon information and belief, Hana Bank also offers financial services to customers, including asset-based lending and trade financing in interstate commerce including in this Judicial District.

## THE DISPUTE WITH HANA BANK

23. Hana Bank has had constructive notice of the "HANA FINANCIAL" service mark since at least 1996 when Registration No. 1,987,227 issued.

24. As early as 2001, Hana Bank contacted Hana Financial seeking permission to use the "HANA" name for financial services in the United States. At that time, Hana Financial declined to allow Hana Bank the right to use the "HANA" name in connection with financial services in the United States.

25. In spite of Hana Financial's refusal to allow Hana Bank to use the "HANA" name and without Hana Financial's knowledge, Hana Bank took over

the existing New York branch of Seoul Bank and began using the "HANA" name and transacting business in the United States.

26. Upon information and belief, Hana Bank's customers include companies located within this Judicial District and throughout the State of California.

27. On October 2006, to Hana Financial's surprise and contrary to the then on-going discussions to potentially resolve the dispute between Hana Financial and Defendants, Hana Financial Group's Chairman and Chief Executive Officer, Mr. Seung-Yu Kim, held a press conference at the opening ceremony of Hana Financial Group Foundation, and stated in no uncertain terms Hana Bank's goal to become "a principal player among the Korean and Korean-American banks in Los Angeles" thereby formally announcing Hana Bank's past and on-going efforts to expand and "solidify" its presence and services offered in the Korean-American market in the United States. Furthermore, Mr. Kim stated at the above-mentioned press conference that Hana Bank was interested in acquiring a local bank as a means to enter the Korean-American market in the United States. The press conference was reported in an article published by the Korean Central Daily. Newspaper in Los Angeles on October 25, 2006.

## FIRST CLAIM FOR RELIEF
## TRADEMARK INFRINGEMENT
## (15 U.S.C. §1114)

28. Hana Financial repeats and realleges the allegations set forth in paragraphs 1 through 27, as if set forth fully herein.

29. Hana Financial owns the service mark "HANA FINANCIAL" and U.S. Trademark Registration No.

1,987,227 for the service mark "HANA FINANCIAL" for use in interstate commerce in connection with financial services, namely factoring services, asset-based lending, equipment lease financing, international trade financing, real estate financing and investment consulting services.

30. Since at least April 1, 1995, Hana Financial has used the "HANA FINANCIAL" service mark in interstate commerce in connection with the advertising, marketing, promotion and sale of a variety of financial services.

31. Hana Bank has used a confusingly similar name in interstate commerce in connection with the sale, offer for sale, advertisement, promotion and marketing of financial services that neither originate from nor are authorized by Hana Financial.

32. Such use of Hana Bank's confusingly similar name is likely to confuse, mislead and deceive members of the public as to the origin of Hana Bank or Hana Financial's services, or cause the public to believe that Hana Bank and Hana Financial are in some way affiliated or connected.

33. Hana Bank's name is confusingly similar in appearance, sound and/or meaning to Hana Financial's federally registered mark, and is being used in connection with services that are competitive with and/or similar to Hana Financial's financial services.

34. Hana Bank's use of the name "HANA" in connection with financial services was intentional in that Hana Bank knew that the name used by it is confusingly similar to Hana Financial's mark and that such use would deceive the public and cause customer confusion.

35. Hana Bank is not and has never been authorized or licensed by Hana Financial to advertise, promote, market, offer for sale or sell any of its financial services under or in connection with the name "HANA."

36. Hana Financial has demanded that Hana Bank cease and desist from its acts of trademark infringement. Hana Financial has given Hana Bank actual notice of Hana Financial's continual use of its mark in connection with financial services. However, Hana Bank has refused to cease using its name in connection with financial services.

37. Hana Bank's unauthorized use of "HANA" in connection with financial services constitutes infringement in violation of the Lanham Act, 15 U.S.C. §1114(1), to the substantial and irreparable injury of the public and of Hana Financial's business reputation and goodwill.

38. As a direct and proximate result of Hana Bank's trademark infringement; Hana Financial is entitled to the equitable remedy of an accounting for, and disgorgement of, all revenues and/or profits wrongfully derived by Hana Bank from its trademark infringement.

39. Hana Bank threatens to continue to advertise, promote, market, sell and offer for sale financial services using a name confusingly similar to Hana Financial's service mark, and unless restrained and enjoined, will continue to do so to Hana Financial's irreparable damage.

40. It would be difficult to ascertain the amount of compensation that could afford Hana Financial adequate relief for such continuous acts of trademark infringement in addition to causing a multiplicity of

judicial proceedings. Hana Financial's remedy at law therefore is not adequate to compensate it for the injuries that will result from Hana Bank's continued infringement of Hana Financial's trademark rights. Accordingly, the Court should enjoin and restrain Hana Bank from committing any further such acts.

41. In addition, Hana Financial has incurred costs and attorneys' fees to bring this action.

**SECOND CLAIM FOR RELIEF**
**TRADEMARK INFRINGEMENT**
**(15 U.S.C. §1125(a))**

42. Hana Financial repeats and realleges the allegations set forth in paragraphs 1 through 41, as if set forth fully herein.

43. Hana Financial has adopted and used its "HANA FINANCIAL" service mark for financial services in interstate commerce and this mark indicates Hana Financial as the sole and exclusive source for such services.

44. Upon information and belief, Hana Financial's continuous use of "HANA FINANCIAL" in the United States pre-dates Hana Bank's infringing use.

45. Hana Bank has used a confusingly similar name in interstate commerce in connection with the sale, offer for sale, advertisement, promotion and marketing of financial services that neither originate from nor are authorized by Hana Financial.

46. Such use of Hana Bank's confusingly similar name is likely to confuse, mislead and deceive members of the public as to the origin of Hana Bank or Hana Financial's services, or cause the public to believe that Hana Bank and Hana Financial are in some way affiliated or connected.

47. Hana Bank's name is confusingly similar in appearance, sound and/or meaning to Hana Financial's federally registered mark, and is being used in connection with financial services that are competitive with and/or related to Hana Financial's financial services.

48. Hana Bank's use of the name "HANA" in connection with financial services was intentional in that Hana Bank knew that the name used by it is confusingly similar to Hana Financial's mark and that such use would deceive the public and cause customer confusion.

49. Hana Bank is not and has never been authorized or licensed by Hana Financial to advertise, promote, market, offer for sale or sell any of its financial services under or in connection with the mark "HANA."

50. Hana Financial has demanded that Hana Bank cease and desist from its acts of trademark infringement. Hana Financial has given Hana Bank actual notice of Hana Financial's continual use of its mark in connection with financial services. However, Hana Bank has refused to cease using its mark in connection with financial services.

51. Hana Bank's unauthorized use of "HANA" in connection with financial services constitutes infringement in violation of the Lanham Act, 15 U.S.C. §1125(a), et seq., to the substantial and irreparable injury of the public and of Hana Financial's business reputation and goodwill.

52. As a direct and proximate result of Hana Bank's trademark infringement, Hana Financial is entitled to the equitable remedy of an accounting for, and disgorgement of, all revenues and/or profits

wrongfully derived by Hana Bank from its trademark infringement.

53. Hana Bank threatens to continue to advertise, promote, market, sell and offer for sale financial services using a name that is confusingly similar to Hana Financial's service mark, and unless restrained and enjoined, will continue to do so to Hana Financial's irreparable damage.

54. It would be difficult to ascertain the amount of compensation that could afford Hana Financial adequate relief for such continuous acts of trademark infringement in addition to causing a multiplicity of judicial proceedings. Hana Financial's remedy at law therefore is not adequate to compensate it for the injuries that will result from Hana Bank's continued infringement of Hana Financial's trademark rights. Accordingly, the Court should enjoin and restrain Hana Bank from committing any further such acts.

55. In addition, Hana Financial has incurred costs and attorneys' fees to bring this action.

## THIRD CLAIM FOR RELIEF
## FALSE DESIGNATION OF ORIGIN
## (15 U.S.C. §1125(a))

56. Hana Financial repeats and realleges the allegations set forth in paragraphs 1 through 55, as if set forth fully herein.

57. Hana Financial owns and is the exclusive source of financial services bearing the "HANA FINANCIAL" service mark. Hana Financial has continuously used its service mark throughout the United States in interstate commerce since at least April 1, 1995.

58. Since its first use, the "HANA FINANCIAL" service mark has served as an indicator of source of the services sold, promoted or advertised.

59. The "HANA FINANCIAL" service mark is arbitrary and fanciful and has acquired secondary meaning.

60. Hana Bank has advertised, offered for sale and sold in interstate commerce financial services using a name that is confusingly similar to Hana Financial's service mark.

61. Hana Bank's use of the name "HANA" in connection with financial services was intentional in that Hana Bank knew the name used by it is confusingly similar to Hana Financial's mark and that such use would deceive the public and cause customer confusion.

62. Hana Bank is not and has never been authorized or licensed by Hana Financial to advertise, offer for sale, or sell of any its financial services under or in connection with the mark "HANA."

63. As Hana Bank's advertisement, promotion, marketing, offer for sale and sale of financial services bearing a confusingly similar name to Hana Financial's service mark is likely to confuse, mislead and deceive the public as to the origin, sponsorship or approval of Hana Bank or Hana Financial's services, or to cause the public to believe that Hana Bank and Hana Financial are in some way affiliated or connected. Such conduct constitutes a false designation of origin in violation of 15 U.S.C. §1125(a).

64. As a direct and proximate result of Hana Bank's trademark infringement, Hana Financial is entitled to the equitable remedy of an accounting for,

and disgorgement of, all revenues and/or profits wrongfully derived by Hana Bank from its trademark infringement.

65. Hana Bank threatens to continue to advertise, promote, market, sell and offer for sale financial services using a name that is confusingly similar to Hana Financial's service mark, and unless restrained and enjoined, will continue to do so to Hana Financial's irreparable damage.

66. It would be difficult to ascertain the amount of compensation that could afford Hana Financial adequate relief for such continuous acts of false designation of origin in addition to causing a multiplicity of judicial proceedings. Hana Financial's remedy at law therefore is not adequate to compensate it for the injuries that will result from Hana Bank's continued infringement of Hana Financial's trademark rights. Accordingly, the Court should enjoin and restrain Hana Bank from committing any further such acts.

67. In addition, Hana Financial has incurred costs and attorneys' fees to bring this action..

## FOURTH CLAIM FOR RELIEF
## COMMON LAW TRADEMARK INFRINGEMENT

68. Hana Financial repeats and realleges the allegations set forth in paragraphs 1 through 67, as if set forth fully herein.

69. Hana Financial has adopted and used the "HANA FINANCIAL" service mark in connection with its financial services.

70. This mark indicates Hana Financial as the source for such financial services and, as a result of Hana Financial's continuous use of the "HANA FI-

NANCIAL" service mark, Hana Financial has come to be identified in the public mind as the source of the financial services to which the "HANA FINANCIAL" service mark is applied or appears.

71. Upon information and belief, Hana Financial's use of the "HANA FINANCIAL" service mark predates Hana Bank's infringing use.

72. The Hana Financial service mark is inherently distinctive, arbitrary and fanciful and has acquired secondary meaning.

73. Hana Bank's use of the name "HANA" in connection with financial services was intentional in that Hana Bank knew the name used by it is confusingly similar to Hana Financial's mark and that such use is likely to confuse, mislead and deceive members of the public as to the origin of Hana Bank or Hana Financial's services, or cause the public to believe that Hana Bank and Hana Financial are in some way affiliated or connected.

74. Hana Bank is not and has never been authorized or licensed by Hana Financial to advertise, offer for sale, or sell of any its services under or in connection with the mark "HANA."

75. Hana Financial has demanded that Hana Bank cease and desist from its acts of trademark infringement.

76. Hana Financial has given Hana Bank actual notice of Hana Financial's continual use of its mark in connection with its financial services. However, Hana Bank has refused to cease using the mark Hana Bank in connection with financial services.

77. Hana Bank's unauthorized use in interstate commerce of a confusingly similar mark constitutes

infringement of Hana Financial's trademark rights to the substantial and irreparable injury of the public and Hana Financial's business reputation and good will.

78. As a direct and proximate result of Hana Bank's trademark infringement, Hana Financial is entitled to the equitable remedy of an accounting for, and disgorgement of, all revenues and/or profits wrongfully derived by Hana Bank from its trademark infringement.

79. Hana Bank threatens to continue to advertise, promote, market, sell and offer for sale financial services using a name that is confusingly similar to Hana Financial's service mark, and unless restrained and enjoined, will continue to do so to Hana Financial's irreparable damage.

80. It would be difficult to ascertain the amount of compensation that could afford Hana Financial adequate relief for such continuous acts of trademark infringement in addition to causing a multiplicity of judicial proceedings. Hana Financial's remedy at law therefore is not adequate to compensate it for the injuries that will result from Hana Bank's continued infringement of Hana Financial's trademark rights. Accordingly, the Court should enjoin and restrain Hana Bank from committing any further such acts.

81. Hana Financial also has incurred costs and attorneys' fees to bring this action.

**FIFTH CLAIM FOR RELIEF**
**UNFAIR COMPETITION**
**(COMMON LAW AND CAL. BUS. & PROF. CODE §17200, ET. SEQ.)**

82. Hana Financial repeats and realleges the allegations set forth in paragraphs 1 through 81, as if set forth fully herein.

83. Hana Bank's actions as alleged herein were and are likely to deceive the consuming public and therefore constitute unlawful, unfair and fraudulent business practices in violation of California Business & Professions Code §§ 17200 et seq. and unfair competition under California common law.

84. Upon information and belief, Hana Bank has used these unlawful, unfair and fraudulent business practices to deceive the consuming public and therefore constitute unlawful, unfair and fraudulent business practices in violation of California Business & Professions Code §§17200 et seq. and unfair competition under California common law.

85. Hana Bank's unlawful, unfair and fraudulent business practices described above present a continuing threat to members of the public in that they are likely to be deceived as to the origin and quality of Hana Bank and Hana Financial's services.

86. These acts by Hana Bank have irreparably damaged Hana Financial and the consuming public and such damage will continue unless these acts are enjoined by this Court.

**WHEREFORE, Hana Financial prays for judgment as follows:**

1) That Hana Bank and Hana Financial Group and their officers, agents, representatives, servants

and employees, and all persons in active concert or participation with them, be preliminarily and permanently enjoined and restrained:

(a) from using the mark "HANA BANK" or any other confusingly similar mark in connection with the sale, advertisement, marketing or promotion of any service or any other similar infringement of Hana Financial's trademark rights, for services not originating from or authorized by Hana Financial;

(b) from engaging in unfair competition by advertising, promoting, marketing, selling or offering for sale their services or otherwise using "HANA BANK" in such a way as to mislead, deceive and/or confuse the origin of any of Hana Bank and Hana Financial's services;

(c) from engaging in any conduct that tends to confuse, mislead or deceive members of the public into believing that the goods and services sold by Hana Bank, or Hana Bank itself are connected with Hana Financial, sponsored, approved or authorized by Hana Financial, or are in some way connected or affiliated with Hana Financial;

(d) to recall and deliver up for destruction all advertising, promotional or marketing materials or other products that infringe Hana Financial's trademark rights;

(e) to engage in corrective advertising to dispel the confusion caused by Hana Bank and Hana Financial Group's wrongful acts;

(f) within thirty days after service of judgment with notice of entry thereof upon it, be required to file with the Court and serve upon Hana Financial's attorneys a written report under oath setting forth in

detail the manner in which Hana Bank and Hana Financial Group have complied with the foregoing paragraphs.

2) An equitable accounting and disgorgement of all revenues and/or profits wrongfully derived by Hana Bank and Hana Financial Group from their trademark infringement, false designation of origin and unfair competition;

3) Any and all damages sustained by Hana Financial resulting from the wrongful and infringing acts of Hana Bank and Hana Financial Group.

4) A judgment that Hana Financial has rights to use the mark "HANA FINANCIAL" in connection with financial services;

5) A judgment that this case is exceptional pursuant to 15 U.S.C. §1117;

6) Hana Financial's costs and attorneys' fees in pursuing this action;

7) A judgment that Hana Bank and Hana Financial Group have competed unfairly with Hana Financial in violation of Cal. Bus. & Prof. Code §17200, et seq. and California common law; and

8) Such other and further relief as this Court may deem appropriate.

Respectfully submitted,

Dated: March 8, 2007

BAKER & McKENZIE LLP

By: /s/
Howard N. Wisnia
Attorneys for Plaintiff

## DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure and L.R. 38-1, Plaintiff HANA FINANCIAL, INC. respectfully demands a trial by jury as to all issues so triable.

Dated: March 8, 2007

BAKER & McKENZIE LLP

By: /s/
Howard N. Wisnia
Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA –
SPRING STREET DIVISION

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff,
v.
HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation
Defendants.

Case No. CV07-1534-SVW(JWJx)
*Hon. Stephen V. Wilson*
Crtm. 6

DEFENDANT AND
COUNTERCLAIMANT HANA BANK'S:
(1) ANSWER TO COMPLAINT;
(2) COUNTERCLAIM FOR CANCELLATION OF
FEDERAL TRADEMARK REGISTRATION; AND
(3) DEMAND FOR JURY TRIAL

Defendant Hana Bank ("Defendant"), answering the complaint ("Complaint") filed by plaintiff Hana Financial, Inc. ("Plaintiff"), denies and avers the allegations in the Complaint as follows:

**ANSWER TO JURISDICTION AND VENUE**

1. In response to the allegations of paragraph 1 of the Complaint, Defendant admits that Count I of the Complaint purports to state a claim for federal trademark infringement pursuant to Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), that Count II

of the Complaint purports to state a claim for federal common law trademark infringement pursuant to Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), that Count III of the complaint purports to state a claim for false designation of origin pursuant to Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and that the Court has jurisdiction over such Counts under 15 U.S.C. § 1121 and pursuant to 28 U.S.C. § 1338(a), in that they arise under an Act of Congress relating to trademarks, and 28 U.S.C. § 1331, in that they arise under the laws of the United States.

2. In response to the allegations of paragraph 2 of the Complaint, Defendant admits that Count IV of the Complaint purports to state a claim for common law trademark infringement, and that Count V of the Complaint purports to state a claim for unfair competition under CAL. BUS. & PROF CODE § 17200 *et seq*, and that the Court has supplemental jurisdiction over such Counts under 28 U.S.C. §§ 1338(b) and 1367.

3. In response to the allegations of paragraph 3 of the Complaint, Defendant admits that, as to Defendant, venue is proper in this district under 28 U.S.C. §§ 1391(b), (c) and (d), and that Hana Financial Group and Hana Bank are foreign corporations. Except as so admitted, Defendant denies the remaining allegations of paragraph 3 of the Complaint.

## ANSWER TO PARTIES

4. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 4 of the Complaint, and on that basis denies them.

5. In response to the allegations of paragraph 5 of the Complaint, Defendant admits that Hana Fi-

nancial Group is a Korean corporation with a principal place of business located at 27-3, Yeouido-dong, Yeongdeungpo-gu, Seoul 150-705, Republic of Korea.

6. In response to the allegations of paragraph 6 of the Complaint, Defendant admits that Hana Financial Group is a holding company of Defendant. Except as so admitted, Defendant denies the remaining allegations of paragraph 6 of the Complaint.

7. In response to the allegations of paragraph 7 of the Complaint, Defendant admits that Hana Bank is a Korean corporation with a principal place of business located at 101-1, 1-Ga, Euljiro, Chung-Ku, Seoul 100-191, Republic of Korea.

8. Defendant admits the allegations of paragraph 8 of the Complaint.

9. In response to the allegations of paragraph 9 of the Complaint, Defendant admits that it conducts business with customers located within this Judicial District and throughout the United States. Except as so admitted, Defendant denies the remaining allegations of paragraph 9 of the Complaint.

**ANSWER TO BACKGROUND AND FACTS**

10. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 10 of the Complaint, and on that basis denies them.

11. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 11 of the Complaint, and on that basis denies them.

12. Defendant is without knowledge or information sufficient to form a belief as to the allegations

of paragraph 12 of the Complaint, and on that basis denies them.

13. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 13 of the Complaint, and on that basis denies them.

14. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 14 of the Complaint, and on that basis denies them.

15. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 15 of the Complaint, and on that basis denies them.

16. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 16 of the Complaint, and on that basis denies them.

17. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 17 of the Complaint, and on that basis denies them.

18. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 18 of the Complaint, and on that basis denies them.

19. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 19 of the Complaint, and on that basis denies them.

20. Defendant is without knowledge or information sufficient to form a belief as to the allegations

of paragraph 20 of the Complaint, and on that basis denies them.

21. Defendant denies the allegations in paragraph 21 of the Complaint.

22. In response to the allegations of paragraph 22 of the Complaint, Defendant admits that it offers financial services, including asset-based lending and trade financing, to customers located in this Judicial District.

## ANSWER TO THE DISPUTE WITH HANA BANK

23. In response to the allegations of paragraph 23 of the Complaint, Defendant admits that Registration No. of 1,987,227 for the service mark "HANA FINANCIAL" issued in 1996. Except as so admitted, Defendant denies the remaining allegations of paragraph 23 of the Complaint.

24. In response to the allegations of paragraph 24 of the Complaint, Defendant admits that its Chairman met with Plaintiff's Chairman as early as 2001. However, Defendant denies that it sought permission to use the "HANA" name for financial services in the United States, and further denies the remaining allegations in paragraph 24 of the Complaint.

25. In response to the allegations of paragraph 25 of the Complaint, Defendant admits that it took over the New York branch of Seoul Bank and transacts business with customers located in the United States using the "HANA BANK" name. Except as so admitted, Defendant denies the remaining allegations of paragraph 25 of the Complaint.

26. In response to the allegations of paragraph 26 of the Complaint, Defendant admits the allegations of paragraph 26 of the Complaint.

27. In response to the allegations of paragraph 27 of the Complaint, Defendant admits that in October 2006, Defendant's Chairman and Chief Executive Officer Mr. Seung-Yu Kim held a press conference at the opening of the Hana Financial Group Charitable Foundation and stated that Defendant wished to become a principal player among Korean and Korean-American banks in United States Korea towns, and that Defendant was interested in acquiring a U.S. bank although no such bank had yet been identified. Defendant further admits that this press conference was reported in an article published by the Korean Central Daily Newspaper in Los Angeles on October 25, 2006. Except as so admitted, Defendant denies the remaining allegations of paragraph 27 of the Complaint.

## ANSWER TO COUNT I
## TRADEMARK INFRINGEMENT

28. Defendant incorporates by reference its responses to paragraphs 1 through 27, *supra*, as though fully set forth herein.

29. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 29 of the Complaint, and on that basis denies them.

30. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 30 of the Complaint, and on that basis denies them.

31. Defendant denies the allegations in paragraph 31 of the Complaint.

32. Defendant denies the allegations in paragraph 32 of the Complaint.

33. Defendant denies the allegations in paragraph 33 of the Complaint.

34. Defendant denies the allegations in paragraph 34 of the Complaint

35. Defendant denies the allegations in paragraph 35 of the Complaint.

36. In response to the allegations of paragraph 36 of the Complaint, Defendant admits that Plaintiff has demanded that Defendant cease operating under the name "Hana Bank." Except as so admitted, Defendant denies the remaining allegations of paragraph 36 of the Complaint.

37. Defendant denies the allegations in paragraph 37 of the Complaint.

38. Defendant denies the allegations in paragraph 38 of the Complaint.

39. Defendant denies the allegations in paragraph 39 of the Complaint.

40. Defendant denies the allegations in paragraph 40 of the Complaint.

41. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 41 of the Complaint, and on that basis denies them.

## ANSWER TO COUNT II
## TRADEMARK INFRINGEMENT

42. Defendant incorporates by reference its responses to paragraphs 1 through 41, *supra*, as though fully set forth herein.

43. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 43 of the Complaint, and on that basis denies them.

44. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 44 of the Complaint, and on that basis denies them.

45. Defendant denies the allegations in paragraph 45 of the Complaint.

46. Defendant denies the allegations in paragraph 46 of the Complaint.

47. Defendant denies the allegations in paragraph 47 of the Complaint.

48. Defendant denies the allegations in paragraph 48 of the Complaint.

49. Defendant denies the allegations in paragraph 49 of the Complaint.

50. In response to the allegations of paragraph 50 of the Complaint, Defendant admits that Plaintiff has demanded that Defendant cease operating under the name "Hana Bank." Except as so admitted, Defendant denies the remaining allegations of paragraph 50 of the Complaint.

51. Defendant denies the allegations in paragraph 51. of the Complaint.

52. Defendant denies the allegations in paragraph 52 of the Complaint.

53. Defendant denies the allegations in paragraph 53 of the Complaint.

54. Defendant denies the allegations in paragraph 54 of the Complaint.

55. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 55 of the Complaint, and on that basis denies them.

## ANSWER TO COUNT III
## FALSE DESIGNATION OF ORIGIN

56. Defendant incorporates by reference its responses to paragraphs 1 through 55, *supra*, as though fully set forth herein.

57. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 57 of the Complaint, and on that basis denies them.

58. Defendant is without knowledge or information sufficient to form belief as to the allegations of paragraph 58 of the Complaint, and on that basis denies them.

59. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 59 of the Complaint, and on that basis denies them.

60. Defendant denies the allegations in paragraph 60 of the Complaint.

61. Defendant denies the allegations in paragraph 61 of the Complaint.

62. Defendant denies the allegations in paragraph 62 of the Complaint.

63. Defendant denies the allegations in paragraph 63 of the Complaint.

64. Defendant denies the allegations in paragraph 64 of the Complaint.

65. Defendant denies the allegations in paragraph 65 of the Complaint.

66. Defendant denies the allegations in paragraph 66 of the Complaint.

67. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 67 of the Complaint, and on that basis denies them.

**ANSWER TO COUNT IV**
**COMMON LAW TRADEMARK INFRINGEMENT**

68. Defendant incorporates by reference its responses to paragraphs 1 through 68, *supra*, as though fully set forth herein.

69. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 69 of the Complaint, and on that basis denies them.

70. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 70 of the Complaint, and on that basis denies them.

71. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 71 of the Complaint, and on that 7 basis denies them.

72. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 72 of the Complaint, and on that basis denies them.

73. Defendant denies the allegations in paragraph 73 of the Complaint.

74. Defendant denies the allegations in paragraph 74 of the Complaint.

75. In response to the allegations of paragraph 75 of the Complaint, Defendant admits that Plaintiff has demanded that Defendant cease operating under the name "Hana Bank." Except as so admitted, Defendant denies the remaining allegations of paragraph 75 of the Complaint.

76. Defendant denies the allegations in paragraph 76 of the Complaint.

77. Defendant denies the allegations in paragraph 77 of the Complaint.

78. Defendant denies the allegations in paragraph 78 of the Complaint.

79 Defendant denies the allegations in paragraph 79 of the Complaint.

80. Defendant denies the allegations in paragraph 80 of the Complaint.

81. Defendant is without knowledge or information sufficient to form a belief as to the allegations of paragraph 81 of the Complaint, and on that basis denies them.

## ANSWER TO COUNT V
## UNFAIR COMPETITION

82. Defendant incorporates by reference its responses to paragraphs 1 through 81, *supra*, as though fully set forth herein.

83. Defendant denies the allegations in paragraph 83 of the Complaint.

84. Defendant denies the allegations in paragraph 84 of the Complaint.

85. Defendant denies the allegations in paragraph 85 of the Complaint.

86. Defendant denies the allegations in paragraph 86 of the Complaint.

## AFFIRMATIVE DEFENSES

As its affirmative defenses to this Complaint, and each purported claim for relief stated therein, Defendant alleges as follows:

### FIRST AFFIRMATIVE DEFENSE
(Failure to State A Cause Of Action)

87. The complaint fails to state facts sufficient to constitute a cause of action against Defendant.

### SECOND AFFIRMATIVE DEFENSE
(Estoppel)

88. Any of the conduct of Defendant which is alleged to be unlawful or a breach of any duty or agreement was taken as a result of conduct by Plaintiff, and Plaintiff is thus estopped to assert any cause of action against Defendant.

**THIRD AFFIRMATIVE DEFENSE**
(Waiver)

89. Plaintiff, by its actions and inactions regarding the subject matter of this lawsuit, waived any and all causes of action against Defendant.

**FOURTH AFFIRMATIVE DEFENSE**
(Causation)

90. Plaintiff is not entitled to any recovery from Defendant because no act or omission of Defendant or its agents was the proximate cause of any injury or damage to Plaintiff.

**FIFTH AFFIRMATIVE DEFENSE**
(Authorization of Law)

91. The complaint, and each of the causes of action asserted therein, are barred because any acts and omissions of Defendant were at all times legal and authorized by law.

**SIXTH AFFIRMATIVE DEFENSE**
(Legitimate Business Interest)

92. Defendant acted at all times in pursuit of its own, legitimate business interest.

**SEVENTH AFFIRMATIVE DEFENSE**
(Unclean Hands)

93. Plaintiff's claims are barred by the doctrine of unclean hands.

**EIGHTH AFFIRMATIVE DEFENSE**
(Bad Faith)

94. The allegations of Plaintiff's complaint and in each purported cause of action, have always been and continue to be frivolous, unreasonable, and groundless.

**NINTH AFFIRMATIVE DEFENSE**
(Trademark Misuse)

95. Plaintiff's claims for relief are barred by the doctrine of trademark misuse.

**TENTH AFFIRMATIVE DEFENSE**
(Lack of Intent)

96. Defendant at all times believed its conduct to be fair and lawful, and was therefore without any specific intent to engage in the alleged infringement.

**ELEVENTH AFFIRMATIVE DEFENSE**
(Failure to Mitigate Damages)

97. Plaintiff's claims for relief are barred, or should be reduced, due to Plaintiff's failure to mitigate its purported damages.

**TWELFTH AFFIRMATIVE DEFENSE**
(Attorneys Fees)

98. The complaint, and each purported cause of action alleged therein, fails to allege facts sufficient to allow recovery of attorneys fees.

**THIRTEENTH AFFIRMATIVE DEFENSE**
(Lack of Damages)

99. Plaintiff has not suffered any damages as a result of any actions taken by Defendant or its agents, and Plaintiff is thus barred from asserting any cause of action against Defendant.

**FOURTEENTH AFFIRMATIVE DEFENSE**
(Adequate Remedy)

100. Injunctive relief is inappropriate as other adequate remedies exist.

**FIFTEENTH AFFIRMATIVE DEFENSE**
**(Additional Affirmative Defenses)**

101. Defendants are still investigating this matter and reserve the right to assert additional affirmative defenses as they become known.

WHEREFORE, Defendant prays that Plaintiff take nothing by reason of its complaint, for attorney's fees and costs of suit, and for such other and further relief as the court deems just and proper.

DATED: June 6, 2007

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By: /s/
CARLO F. VAN DEN BOSCH

Attorneys for Defendant
HANA BANK

**COUNTERCLAIM**

For its Counterclaim against Counterdefendant Hana Financial, Inc. ("Counter-Defendant"), Counterclaimant Hana Bank ("Counterclaimant"), avers the • following:

**THE PARTIES**

1. Counterclaimant Hana Bank, is a Korean corporation with a principal place of business located at 101-1, 1-Ga, Euljiro, Chung-Ku, Seoul 100-191, Republic of Korea.

2. On information and belief, Counterdefendant Hana Financial, Inc. is a privately held corporation organized under the laws of California with a princi-

pal place of business located at 1000 Wilshire Boulevard, Suite 2000, Los Angeles, California 90017.

## JURISDICTION AND VENUE

3. This Court has jurisdiction over these Counterclaims pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, the Lanham Act, Title 15, United States Code, and 28 U.S.C. § 1338.

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b), (c) and because Counterdefendant has consented to venue by filing its Complaint in this district.

## COUNTERCLAIM

(Cancellation of Federal Trademark Registration)

5. On information and belief, Counterdefendant committed fraud on the United States Patent and Trademark Office in procuring its federal trademark registration No. 1,987,227.

6. Counterclaimant advertised its **HANA BANK** mark in this judicial district in connection with financial services prior to the first use dates set forth in Counterdefendant's federal trademark application for the mark **HANA FINANCIAL** (the "Application").

7. Upon information and belief, Counterdefendant was aware of Counterclaimant's prior use of the mark **HANA BANK** to advertise financial services before Counterdefendant filed the Application.

8. In connection with the Application, Counterdefendant signed a statement under penalty of perjury stating, in pertinent part that Counter-

defendant: "...believes the applicant to be the owner of the trademark/service mark sought to be registered...; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true."

9. Upon information and belief, Counter-defendant executed this declaration with knowledge that it was false based upon its knowledge of Counterclaimant and its rights in and to the **HANA BANK** mark.

WHEREFORE, Defendant and Counterclaimant requests the following:

A. That Plaintiff-Counterdefendant take nothing by the Complaint and that the same be dismissed with prejudice;

B. That the Court enter a judgment canceling U.S. Trademark Registration No. 1,987,227;

C. That the Court award Defendants their costs of suit; and

D. For such other and further relief as the Court may deem just and proper.

DATED: June 6, 2007

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By: /s/
CARLO F. VAN DEN BOSCH

Attorneys for Defendant
HANA BANK

**DEMAND FOR JURY TRIAL**

Pursuant to FED. R. CIV. P. 38(b), Defendant-Counterclaimant hereby demands a trial by jury of any and all issues triable of right by a jury.

DATED: June 6, 2007

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By: /s/
CARLO F VAN DEN BOSCH

Attorneys for Defendant
HANA BANK

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA —
SPRING STREET DIVISION

HANA FINANCIAL, INC.,
a California corporation,

Plaintiff,

v.

HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation,

Defendants.

AND CROSS-COMPLAINT

Case No. CV07-1534-SVW(JWJx)

*The Honorable Stephen V. Wilson*

Crtrm. 6

DEFENDANT AND COUNTER-CLAIMANT
HANA BANK'S:

(1) FIRST AMENDED COUNTERCLAIM FOR CANCELLATION OF FEDERAL TRADEMARK REGISTRATION; AND

(2) DEMAND FOR JURY TRIAL

## FIRST AMENDED COUNTERCLAIM

For its First Amended Counterclaim against Counterdefendant Hana Financial, Inc. ("HFI"), Counterclaimant Hana Bank avers the following:

## THE PARTIES

1. Hana Bank is a Korean corporation with its principal place of business located at 101-1, 1-Ga, Euljiro, Chung-Ku, Seoul 100-191, Republic of Korea.

2. Upon information and belief, HFI is a privately held corporation organized under the laws of California with a principal place of business located at 1000 Wilshire Boulevard, Suite 2000, Los Angeles, California 90017.

## JURISDICTION AND VENUE

3. This Court has jurisdiction over this Counterclaim pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, the Lanham Act, Title 15, United States Code, and 28 U.S.C. § 1338.

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b), (c) and because HFI has consented to venue by filing its Complaint in this district.

## COUNTERCLAIM

(Cancellation of Federal Trademark Registration)

5. On August 25, 1995, HFI filed with the U.S. Patent and Trademark Office a federal trademark application (Ser. No. 74/720,201) for the design mark depicted below (the "HFI Mark") in connection with "financial services, namely factoring services, asset-based lending, equipment lease financing, international trade financing, real estate financing, and investment consulting services":

Hana Financial

6. In connection with HFI's federal trademark application for the HFI Mark, HFI's then-president Charles C. Kim on August 21, 1995 signed a statement under penalty of perjury stating, in pertinent part that HFI: " believes the applicant to be the owner of the trademark/service mark sought to be registered ; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true." (the "Kim Declaration").

7. HFI's federal application for the HFI Mark alleges that HFI first used the HFI Mark in connection with the recited services on or before August 15, 1994, and that HFI first used the HFI Mark in interstate commerce in connection with the recited services on or before April 1, 1995.

8. Prior to the first use dates set forth in HFI's trademark application for the HFI Mark, and prior to the execution of the Kim Declaration, Hana Bank was already using its **HANA** mark in commerce in the United States.

9. Prior to the first use dates set forth in HFI's trademark application for the HFI Mark, and prior to the execution of the Kim Declaration, Hana Bank used its **HANA** mark in commerce in connection

with the provision of money transfer and asset management services to U.S. residents.

10. Between 1991 and 1994, there was also frequent media coverage of Hula Bank in Korean-American publications distributed throughout the United States.

11. Hana Bank also advertised its **HANA** mark in this judicial district in connection with its **HANA** Overseas Korean Club, which provided financial services to U.S. residents.

12. Hana Bank advertised its services under the HANA mark in local newspapers, including The Korea Times (Los Angeles Ed.), since at least as early as July 1994.

13. Hana Bank's prior commercial use of the **HANA** mark was such that Hana Bank's mark was recognized within the Korean-American community in this judicial district and throughout the United States prior to HFI's use of the HFI Mark.

14. Accordingly, Hana Bank possessed rights in the **HANA** mark that predated and were superior to HFI's purported rights in the HFI Mark.

15. Upon information and belief, at the time of filing HFI's trademark application, HFI and Mr. Charles C. Kim were aware of Hana Bank's superior trademark rights.

16. For instance, prior to August 15, 1994, Ms. Sunnie S. Kim (HFI's current Chief Executive Officer) and Mr. Charles C. Kim had several meetings with representatives of Hana Bank to explore potential business arrangements.

17. At the time of their meetings with Hana Bank, Ms. Sunnie S. Kim and Mr. Charles C. Kim were still

employed with Center Bank (f/k/a California Center Bank) headquartered in Los Angeles, and they met with Hana Bank to discuss a potential equity investment in Center Bank by Hana Bank and the possibility of teaming up with Hana Bank to provide joint financial services to U.S. residents.

18. In or about April 1992, Ms. Sunnie S. Kim and Mr. Charles C. Kim signed a Memorandum of Understanding with Hana Bank for an equity investment in Center Bank by Hana Bank. The transactions contemplated by this Memorandum of Understanding did not proceed in light of the civil disturbances that occurred in the Los Angeles area which began on April 29, 1992.

19. Upon information and belief, prior to August 15, 1994, Ms. Sunnie S. Kim also submitted a signed application to Hana Bank in order to open a correspondent banking account of Center Bank with Hana Bank.

20. Based upon their repeated contacts with Hana Bank and their exploration of a joint program with Hana Bank to provide financial services to U.S. residents, Ms. Sunnie S. Kim and Mr. Charles C. Kim were familiar with Hana Bank's business activities in the U.S. and the types of services Hana Bank was already providing to U.S. residents, before they founded HFI and began using the HFI Mark.

21. Upon information and belief, when Ms. Sunnie S. Kim and Mr. Charles C. Kim subsequently founded HFI, they willfully adopted a similar **HANA** mark in order to usurp and benefit from the goodwill already attached to the mark within the Korean-American community by virtue of Hana Bank's prior use of the mark.

22. Upon information and belief, HFI also willfully adopted a graphic logo that resembles that of another large Korean bank, Seoul Bank, which has since merged into Hana Bank, and by doing so, HFI also sought to usurp and benefit from the goodwill attached to the Seoul Bank mark within the Korean-American community.

23. Accordingly, as set forth in the below chart, the HFI Mark appears to be a composite of the Seoul Bank pyramid, which is now owned by Hana Bank, and Hana Bank's word mark:

| Hana Financial Mark | Hana Bank Marks (including acquired Seoul Bank logo) |
|---|---|
| | |

24. Upon information and belief, because HFI willfully designed its HFI Mark to resemble the Hana Bank and Seoul Bank marks, Mr. Charles C. Kim either believed that a likelihood of confusion would result from HFI's use of the HFI Mark or had no reasonable basis for believing otherwise.

25. Upon information and belief, Mr. Charles C. Kim executed his declaration with knowledge that it

was false based upon his personal meetings with Hana Bank prior to August 15, 1994, based upon his participation in the selection of an HFI Mark that mimics the marks of Hana Bank and Seoul Bank, and based upon his personal knowledge of the other facts set forth above.

26. The truthfulness of Mr. Charles C. Kim's August 21, 1995 declaration was a condition to HFI's ultimate receipt of a registration (Reg. No. 1,987,227) for the HFI Mark.

27. Upon information and belief, in failing to disclose facts or submitting false facts to the U.S. Patent and Trademark Office, Mr. Charles C. Kim and HFI intended to procure a registration to which HFI was not entitled.

28. Upon information and belief, HFI committed fraud on the United States Patent and Trademark Office in procuring its federal trademark registration No. 1,987,227.

WHEREFORE, Hana Bank requests the following:

A. That HFI take nothing by the Complaint and that the same be dismissed with prejudice;

B. That the Court enter a judgment canceling U.S. Trademark Registration No. 1,987,227;

C. That the Court award Hana Bank its attorneys' fees and costs of suit; and

D. For such other and further relief as the Court may deem just and proper.

DATED: August 10, 2007

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By */s/ CARLO F. VAN DEN BOSCH*
CARLO F. VAN DEN BOSCH

Attorneys for Defendant
HANA BANK

**DEMAND FOR JURY TRIAL**

Pursuant to FED. R. CIV. P. 38(b), Hana Bank hereby demands a trial by jury of any and all issues triable of right by a jury.

DATED: August 10, 2007

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By */s/ CARLO F. VAN DEN BOSCH*
CARLO F. VAN DEN BOSCH

Attorneys for Defendant
HANA BANK

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA —
SPRING STREET DIVISION

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff,

v.

HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation
Defendants.
AND CROSS-COMPLAINT

Case No. CV07-1534-SVW(IWJx)

HANA BANK AND
HANA FINANCIAL GROUP INC.'S:

(1) NOTICE OF MOTION AND MOTION FOR SUMMARY JUDGMENT AND SUMMARY ADJUDICATION; AND

(2) MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF.

## MOTION

Hana Bank and HFG move for summary judgment against HFI on HFI's First through Fifth Claims on the basis that defendant Hana Bank possesses senior trademark rights in the United States. In addition, HFG moves for summary judgment on the basis that, as a mere holding company, it has not used the allegedly infringing mark in connection with the provision of services in the United States.

The undisputed material facts show that defendant Hana Bank enjoys a July 14, 1994 trademark priority date arising from its first use of the HANA BANK financial mark in the United. States, and its continuous commercial use of the mark since that time. HFI, on the other hand, did not engage in its first commercial transaction under the HANA FINANCIAL mark until April 1, 1995. Accordingly, Hana Bank's senior rights constitute a complete defense to all of HFI's causes of action.

Furthermore, defendant HFG is a financial holding company established under the Korean Financial Holding Company Act. The undisputed material facts show that HFG has not used any trademark including the term. "HANA" as part of a trademark in connection with the provision of services in the United States. This non-use constitutes a complete defense to HFI's claim of trademark infringement.

This motion is based on the Memorandum of Points and Authorities submitted herewith, the declarations of Gi-Hong Kim, Jin Ja Choi, Sun-Jong Ahn, and Michelle LaVoie, and the exhibits attached thereto submitted herewith, all other pleadings and papers on file in this action, such matters of which this Court may take judicial notice, and such other matters as may be presented to the Court in connection with this motion.

This motion is made following a series of conferences of counsel pursuant to LOCAL RULE 7-3, including in person during a mediation on October 30, 2007, and telephonically on November 25, 2007.

Dated: December 10, 2007

Respectfully submitted,

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By */s/Carlo F. Van den Bosch*
CARLO F. VAN DEN BOSCH
Attorneys for Defendants
HANA BANK and
HANA FINANCIAL GROUP

## MEMORANDUM OF POINTS AND AUTHORITIES

## I. INTRODUCTION

All of the causes of action asserted by Hana Financial, Inc. ("HFI") rely on the faulty assumption that it was HFI rather than defendant Hana Bank that first used the term HANA as a financial brand in the United States. To the contrary, the undisputed facts show that Hana Bank used its HANA BANK mark in domestic commerce before HFI was even established as a California corporation, and that Hana Bank serviced domestic customers before HFI engaged in its first commercial transaction.

Hana Bank first used its HANA BANK mark in domestic commerce in July of 1994. Since then, Hana Bank has steadily and continuously used and built its HANA BANK mark in the United States through the provision of financial services to Korean-American communities nationwide, including to customers in California, Hawaii, Illinois, Maryland,

New York, Virginia, and Washington. Hence, Hana Bank's trademark priority to the Hana mark was established well before HFI serviced its first customers in April of 1995. Its priority existed even before HFI was first incorporated in August of 1994.

Hana Bank's trademark priority constitutes an absolute defense to HFI's charge of infringement, and disposition of HFI's case is appropriate on summary judgment. Indeed, the priority issue is particularly well suited for summary judgment because there can be no reasonable dispute about that facts that establish Hana Bank's priority. The priority issue also trumps the other elements of HFI's case, including the "likelihood of confusion" analysis that is typical in trademark cases.

Finally, all claims against HFG should be dismissed because it cannot reasonably be disputed that HFG does not use any HANA trademark in connection with the provision of services in the United States.

## II. STATEMENT OF FACTS

### A. Defendant Hana Bank's Business

Hana Bank is the fourth largest financial institution in the Republic of Korea. [Undisputed Fact ("UF") 2.] The bank was originally established in 1971 as a Korea Investment Finance Corporation. [UF 1.] The bank changed its name to Hana Bank in 1991. [UF 1].]

Hana Bank was voted Korea's best bank in 1993 by *Euromoney Magazine*. [UF 3.] In 1995, it was the first bank to receive a superior "AA" rating in all cat-

egories of management evaluation of the Korean Banking Supervisory Authority. [UF 3.]

In May of 1994, Hana Bank established a program called the Hana Overseas Club as a means to provide financial services to Korean expatriates living abroad, including those living in the United States. [UF 4.] Hana Overseas Club services became available to expatriates living in the United States at least as early as July 12, 1994. [UF 5.] Through Hana Overseas Club services, Hana Bank manages the financial assets of its United States customers, and upon request converts funds to the U.S. dollar currency and remits them via wire transfer to the domestic customer. [UF 4.]

Hana Bank launched an advertising campaign for the Hana Overseas Club in July of 1994. [UF 6.] As part of this campaign, Hana Bank ran an advertisement in the July 14, 1994 edition of The Korea Times, Los Angeles Edition. [UF 7.] This advertisement displayed both the Hana Overseas Club name and the Hana Bank name and logo in Korean. [UF 7.]

The below graphics represent the Hana Bank logo in Korean, and its English language equivalent. [UF 8.]

Hana Bank's domestic advertising in 1994 generated an immediate response from consumers. For instance, one consumer in Granada Hills, California, wrote to Hana Bank on July 18, 1994, inquiring about the company's services to United States residents. [UF 9.] On the same day, another customer in

Los Angeles, California, sent a similar inquiry letter to Hana Bank. [UF 10.] United States customers also began joining the Hana Overseas Club in 1994. Hana Bank approved membership applications for domestic customers at least as early as November 24, 1994. [UF 11.] Thereafter, Hana Bank continuously received and approved applications from United States customers in each year through the present. [UF 12.][1] These applications bear the Hana Bank logo in the bottom right hand corner. [UF 12.]

Between 1994 and the present, Hana Bank has continuously provided financial services, including foreign exchange, wire transfer, and asset management services, to United States customers located in at least the following states: California, Hawaii, Illinois, Maryland, New York, Virginia, and Washington [UF 14.] Hana Bank had customers in Korean American communities throughout the United States before April of 1996. [UF 16.]

In or about 2000, Hana Bank changed the name of its Hana Overseas Club to Hana World Center. [UF 13.] Between 1994 and the present, the Hana Overseas Club and Hana World Center have serviced more than 11,500 customers in the United States, and have remitted in excess of $37 million for those customers. [UF 17.]

Between 1996 and the present, Hana Bank has also continuously sent Hana Bank newsletters to its customers in the United States. [UF 18.] Each

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[1] The customer name and contact information are redacted in accordance with Korean privacy law, leaving only a partial name and U.S. address. This does not detract from their evidentiary value, because the applications still reflect a partial name and a U.S. residence address.

of these newsletters prominently displays the Hana Bank name and logo. [UF 18.]

Since 2002 and through the present, Hana Bank has also operated a state-licensed agency in New York City under the name HANA BANK. [UF 19.]

**B. Defendant HFG's Business**

Hana Financial Group ("HFG") was incorporated on December 31, 2005 as the financial holding company of Hana Bank, pursuant to the Korean Financial Holding Company Act. [UF 20.] HFG does not provide any financial services in the United States. [UF 20-21.] HFG has not used a HANA mark in connection with the provision of any financial services in the United States. [UF 21.]

**C. Plaintiff HFI's Business**

HFI is a privately held California corporation headquartered in Los Angeles. [UF 22.] HFI was incorporated as a California corporation on August 15, 1994. [UF 23.] HFI engaged in its first financial transaction with a customer on or after April 1, 1995. [UF 24.] HFI's first transaction was in the nature of an equipment lease transaction. [UF 25.]

On July 16, 1996, HFI obtained a federal trademark registration for its HANA FINANCIAL logo in connection with "financial services, namely factoring services, asset-based lending, equipment lease financing, international trade financing, real estate financing, and investment consulting services." [UF 26.] Prior to its registration, the mark was published for opposition by the U.S. Patent and Trademark Office on April 23, 1996. [UF 27.] HFI's registration co-

vers the logo depicted below (the "HFI Logo").[2] [UF 28.]

HFI's trademark registration represents that HFI first used the HFI Logo in connection with the recited services on August 15, 1994. [UF 29.] The registration also represents that HFI first used the HFI Logo in interstate commerce in connection with the recited services on April 1, 1995. [UF 30.]

## III. STANDARD FOR SUMMARY JUDGMENT

Rule 56(c) requires the Court to grant summary judgment for the moving party when the evidence shows that there is no genuine issue as to any material fact, and the moving party is entitled to judgment as a matter of law. FED R. CIV. P. 56(c); *Tarin v. County of Los Angeles*, 123 F.3d 1259, 1263 (9th Cir. 1997). A material fact is one that affects the outcome of the suit; irrelevant factual disputes "will not be counted." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986).

For claims on which the nonmoving party bears the burden of proof, the movant is not obligated to negate its opponent's claim, but may instead dis-

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[2] As argued in defendants' counterclaim for cancellation, HFI designed this logo as a combination of defendants' senior HANA brand and the pyramid logo of another large financial institution, Seoul Bank. However, this argument is not at issue in the present motion.

charge its burden simply "by 'showing'—that is pointing out to the district court—that there is an absence of evidence to support the nonmoving party's case." *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). "[C]onclusory allegations unsupported by factual data" will not defeat a summary judgment motion. *Taylor v. List*, 880 F.2d 1040, 1045 (9th Cir. 1989); *Lewis v. Scott (In re Lewis)*, 97 F.3d 1182, 1187 (9th Cir. 1996). Instead, the nonmoving party must produce some "significant probative evidence" tending to support its claim. *Lewis*, 97 F.3d at 1187; *Celotex*, 477 U.S. at 322-23.

A dispute as to a material fact is "genuine" only "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson*, 477 U.S. at 248. Here, there can be no genuine dispute as to material facts regarding Hana Bank's trademark priority, and the issue is properly resolved through summary judgment or adjudication. *See CTC Int'l v. Hero Cycles Private*, 26 U.S.P.Q.2d (BNA) 1309, 1992 WL 486354, *4 (C.D. Cal. July 20, 1992) ("**The issue of trademark priority is appropriate for resolution by summary judgment**") (*citing New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1200 (9th Cir. 1979)) (emphasis added).

## IV. DEFENDANTS ARE ENTITLED TO SUMMARY JUDGMENT

To establish a trademark infringement claim under the Lanham Act, HFI must establish that: (1) it owns a valid trademark; (2) its mark is the senior mark (i.e., it used the mark before Hana Bank used the allegedly infringing mark); and (3) Hana Bank's mark is likely to cause confusion with HFI's mark.

*Brookfield Communs., Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999).

Defendants are entitled to summary judgment because HFI cannot meet its burden of proving the second element of its prima facie case—priority or seniority over the HANA BANK trademark. Because priority is an essential element of HFI's trademark infringement claim, that claim must fail. Accordingly, HFI's dependent unfair competition and unjust enrichment claims necessarily also fail. *See CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 n. 8 (9th Cir. 2007) (unfair competition and unjust enrichment claims must rise or fall with the success of related trademark infringement claims); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1988) (when a California common-law unfair competition claim is based on a trademark infringement claim, the test for unfair competition is the same as that for trademark infringement, and if there is no trademark infringement then there is no unfair competition); *International Order of Job's Daughters v. Lindeburg &Co.*, 633 F.2d 912, 916 (9th Cir. 1980) (federal and state trademark infringement and unfair competition laws are substantially congruent); *Phillip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d 1067, 1072 (C.D. Cal. 2004). Accordingly, summary judgment is warranted as against each of HFI's claims.

### A. The First To Use A Trademark In the United States Is The Senior Party And Cannot Be Liable For Infringement of a Junior Party's Mark

As the Court stated in its November 29, 2007 Order denying HFI's motion to dismiss Hana Bank's First Amended Counterclaim (Document 69), " 'The

general rule is that '[t]he first to use a mark [in commerce] is deemed the 'senior' user' of that mark," *citing Brookfield Communs., Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999). Use of a service mark in commerce is defined as use "in the sale or advertising of services and the services are rendered in commerce." 15 U.S.C. § 1127.

Hence, trademark priority derives not from any registration procedure, but from the actual commercial use of mark with respect to a class of goods or services." *CTC Intl*, 1992 WL 486354 at *4 (*citing* 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION, § 16.2 (2d Ed. 1984 & Supp. Dec. 1991)); *see also Brookfield*, 174 F.3d at 1047; *Sengoku Works v. RMC Int'l*, 96 F.3d 1217, 1219 (9th Cir. 1996). In other words, the subsequent registration of a trademark does not wipe out the previously established rights of the senior user. Therefore, priority is a complete defense to a claim of trademark infringement—even where a junior user asserts a registered mark that has become incontestable. *Casual Corner Associates, Inc. v. Casual Stores of Nevada, Inc.*, 493 F.2d 709, 711-12 (9th Cir. 1974); *Watec Co. v. Liu*, 403 F.3d 645, 652 (9th Cir. 2005) ("[A] registration is not incontestable to the extent it infringes on another's valid rights in the mark acquired under state law by a use continuing from a date prior to the federal registration of the mark.").

### B. Hana Bank Possesses Senior Trademark Rights

Hana Bank possesses trademark priority in the United States because: (i) it first made services available to domestic customers at least as early as July 12, 1994 [UF 5]; (ii) it began advertising its

HANA mark in connection with financial services in the United States at least as early as July 14, 1994 [UF 6-7]; (iii) it received immediate and multiple customer inquiries from the United States within days following the advertising [UF 9-11]; (iv) it obtained actual domestic customers in 1994 [UF 11]; and (v) through the present, it has continuously obtained new customers and provided ongoing financial services to its customers in the United States [UF 12-14.] In light of the continuity of Hana Bank's advertising and other pre-sales activities, and its continued use of the HANA BANK mark since its first appearance in interstate commerce, Hana Bank's mark enjoys the benefit of its original priority date of July 12, 1994.

In contrast, HFI was incorporated on or about August 15, 1994, but by its own admission it did not engage in its first customer transaction until at least April 1, 1995. [UF 24.]

### 1. The Teletrac Standard

In the Ninth Circuit, the showing necessary for trademark priority is adoption and use of a trademark in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark. *CTC Int'l*, 1992 WL 486354 at *4 (*citing New West Corp.*, 595 F.2d at 1200). Wide consumer recognition is not required to obtain trademark protection. *CTC Int'l*, 1992 WL 486354 at *4.

The Ninth Circuit sets forth the standard for trademark use sufficient to confer priority in *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001). In. Teletrac, trademark use is determined under a totality of the circumstance analysis under

which "advertising combined with other non-sales activity is sufficient to establish use in commerce." *Id.* The sufficiency of other non-sales activity is evaluated by:

> "the genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark, the scope of the non-sales activity relative to what would be a commercially reasonable attempt to market the service, the degree of ongoing activity of the holder to conduct the business using the mark, the amount of business transacted, and other similar factors which might distinguish whether a service has actually been 'rendered in commerce.'"

*Teletrac*, 242 F.3d at 1159. Hana Bank's advertisement of the Hana Overseas Club combined with other non-sales activity in the United States beginning prior to July 14, 1994 establishes its U.S. priority *at least as early* as that date.

### 2. Hana Bank Use Of The HANA Trademark As Of July 14, 1994 Meets The Teletrac Standard

In *Teletrac*, the court found that advertising beginning in July 1989 followed by rendering commercially available services in April 1990 constituted sufficient circumstances to justify a first use date of July 1989. *Teletrac*, 242 F.3d at 1160. Hence, the *Teletrac* standard clearly supports Hana Bank's trademark priority date of July 14, 1994.

*First*, Hana Bank's trademark use as of that date was genuine and clearly commercial in nature. Hana Bank established its Hana Overseas Club in May of 1994 to provide foreign exchange, wire transfer, and asset management services to Korean expatriates living abroad, including in the United States. [UF 4.] These services are clearly commercial in nature. Soon thereafter, on July 12, 1994, the Hana Overseas Club services became available to United States customers. [UF 5.] Hence, Hana Bank genuinely used its mark in connection with a commercial enterprise targeting customers in the United States, even before its first local ad appeared, and this factor weighs strongly in favor of the subsequent July 14, 1994 priority date established by Hana Bank's domestic advertising. *Teletrac*, 242 F.3d at 1159.

*Second*, Hana Bank's use of the HANA BANK mark in the United States was sufficiently public to identify and distinguish its services in an appropriate segment of the public mind (i.e., within the Korean-American market) as those of Hana Bank. Hana Bank began advertising its Hana Overseas Club in the United States in July of 1994. [UF 6.] This campaign included a July 14, 1994 advertisement in the Los Angeles Korea Times, which clearly identifies Hana Bank, via its name and logo, as the provider of Hana Overseas Club services. [UF 7.] The advertisement was public and well recognized within the Korean-American community, as evidenced by the fact that it immediately yielded multiple customer inquiries from the United States. [UF 9-10.] Furthermore, the 1994 advertisement yielded Hana Bank's first United States customer for the Hana Overseas Club before year's end. [UF 11.] Hence, the success of Hana Bank's advertising shows that its public mark was well-received as a source-identifier,

and this likewise weighs in favor of a of the July 14, 1994 priority date. *Teletrac*, 242 F.3d at 1159.

*Third*, the scope of Hana Bank's non-sales activity shows a commercially reasonable attempt to market Hana Bank's services in the United States. Hana Bank published a series of advertisements in the United States in addition to and following the July 14, 1994 advertisement. [UF 6.] Furthermore, as part of its continuing advertising campaign in 1996, Hana Bank began regularly sending Hana Bank newsletters to its customers in the United States. [UF 18.] This continuous advertising since July of 1994, and its apparent success in yielding actual customers, evidence that Hana Bank's efforts constitute "a reasonable attempt to market the service," another factor that weighs in favor of the July 14, 1994 priority date. *Teletrac*, 242 F.3d at 1159.

*Fourth*, Hana Bank engaged in substantial ongoing business activities under the HANA BANK mark following its first advertisement in the United States. United States memberships in the Hana Overseas Club have been continuous and ongoing in every year between 1994 and the present. [UF 14, 17.] Hana Bank has continuously provided financial services to customers located in at least the following states: California, Hawaii, Illinois, Maryland, New York, Virginia, and Washington. [UF 14.] Hence, Hana Bank's substantial ongoing activities likewise support the July 14, 1994 priority date. *Teletrac*, 242 F.3d at 1159.

*Fifth*, Hana Bank has to date conducted a substantial amount of business in the United States under the HANA BANK mark. Since 1994, Hana Bank has serviced more than 11,500 customers in the United States, and has remitted in excess of $37 mil-

lion for those customers. [UF 17.] Clearly, this degree of domestic business using the HANA mark weighs in favor of the July 14, 1994 priority date. *Teletrac*, 242 F.3d at 1159.

As a matter of law, the *Teletrac* standard indisputably establishes July 14, 1994 as Hana Bank's priority date for the HANA mark in connection with financial services in the United States. Hana bank's priority predates both HFI's incorporation on August 15, 1994, and its purported first trademark use in interstate commerce on April 1, 1995. Accordingly, Hana Bank has superior rights in the HANA trademark in connection with financial services, and HFI's claims fail.[3]

## V. HFG's Nonuse Of The HANA FINANCIAL GROUP Mark In The United States Defeats HFI's Infringement Claim

HFG, the Korean financial holding company, is separately entitled to summary judgment on the basis that it has not used the HANA FINANCIAL GROUP trademark in commerce in the United States. To infringe a trademark, a defendant must make commercial use of that trademark. 15 U.S.C. § 1114(a) (requiring "*use in commerce*"); *see Bosley Med. Inst. v. Kremer*, 403 F.3d 672, 676-77 (9th Cir. 2005) ("infringement law prevents only unauthorized use of a trademark in connection with a commercial

---

[3] As a related company, HFG derives trademark rights in the term HANA from Hana Bank, and so has priority based on Hana Bank's use of the trademark in July 14, 1994 even though HFG has not itself made commercial use of the HANA trademark in the United States. *See May Dep't Stores Co. v. Prince*, 200 U.S.P.Q. (BNA) 803, 808, 1978 WL 21571 (T.T.A.B. 1978) (use of trademark inured to the benefit of related company).

transaction in which the trademark is being used to confuse potential consumers"); *Breakers of Palm Beach, Inc. v. International Beach Hotel Development, Inc.*, 824 F.Supp. 1576, 1581 (S.D.Fla.1993) (to prevail on trademark infringement claim, trademark registrant must demonstrate that its mark was *used in commerce*).

HFG does not provide any financial services in the United States, and has never used a HANA mark in connection with the provision of any financial services in the United States. [UF 21.] Accordingly, HFI's claims against HFG likewise fail.

## VI. CONCLUSION

Hana Bank clearly enjoys domestic trademark priority in the HANA mark in connection with financial services, and this indisputable fact provides a complete defense to all of HFI's causes of action. Moreover, HFG's nonuse of the HANA mark in connection with domestic services likewise acts as a complete defense to all of HFI's causes of action. For these and the foregoing reasons, summary judgment is warranted as to HFI's First through Fifth Claims against both Hana Bank and HFG.

Dated: December 10, 2007

Respectfully submitted,

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Attorneys for Defendants

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

HANA FINANCIAL, INC., a California corporation,

Plaintiff,

v.

HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP, a Korean corporation,

Defendants.

Case No CV07-1534-SVW(JWJx)

# HANA FINANCIAL, INC.'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT AND SUMMARY ADJUDICATION

## I. INTRODUCTION

Defendants' Motion for Summary Judgment on the issue of priority should be denied for several reasons. First, Defendants' Motion should be denied because (a) there are many disputed genuine issues of material facts as to whether Defendants offered any service or conducted any commercial activity prior to Plaintiff's first use of the "HANA" mark and (b) under the controlling Ninth Circuit and other relevant case law, a single advertisement in various US editions of the Korea Times that generated only two inquiries are insufficient as a matter of law to establish priority.

Defendants' Motion for Summary Judgment should also be denied because Defendants' Motion ignored the territoriality principle as though it were not an issue in this case. The territoriality principle

is fundamental in trademark law, and while "the totality of the circumstances must be employed to determine whether a service mark has been adequately used in commerce so as to gain the protection of the Lanham Act" (*Chance v, Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001) (emphasis added)), the territoriality principle requires at least some use in United States commerce. *See, e.g., Grupo Gigante SA de CV, v. Dallo & Co., Inc.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (priority of trademark rights in the U.S. depends solely upon priority of use in the United States; "earlier use in another country usually just does not count"). Courts apply the *Teletrac* factors to determine when a mark has been "adequately used in commerce," the *Teletrac* factors cannot be a complete substitute for use in United States commerce. *Chance*, 242 F.3d at 1160 (T.A.B.'s mailed advertisements may be evidence of an intent to use the mark, but no rights arose because advertisements followed by only token sales "were not a bona fide first use"). Defendants' Motion did not suggest that any exception to the territoriality principle could apply to give Defendants' priority in any HAMA mark, and this is a second reason that Defendants' Motion must fail.

Defendants' Motion for Summary Judgment should also be denied because defendants lack sufficient evidence to support its analysis of the *Teletrac* factors. Each of the *Teletrac* factors presents a fact question, and Defendants' evidence is minimal at best.

Even if Defendants' arguments were accepted and Defendants could prove sufficient use of the HANA BANK logo written in Hangul, this Korean-language mark does not establish priority in the HANA BANK

logo written in English, the HANA WORLD CLUB mark or the HANA FINANCIAL GROUP mark that are at issue in this lawsuit as well. Even if Defendants could establish common law rights in a mark other than HANA BANK logo written in Hangul, those rights would not entitle Defendants to use the HANA BANK logo written in English, the HANA WORLD CLUB mark or the HANA FINANCIAL GROUP mark in the United States and those rights would not constitute a defense to the ongoing infringement created by Defendants' use of the HANA BANK logo written in English, the HANA WORLD CLUB mark or the HANA FINANCIAL GROUP mark.

Finally, Defendant Hana Financial Group's Motion for Summary Judgment based on non-use should also be denied. Hana Financial Group admits using the "HANA" mark in the United States and has been conducting business in the United States through its wholly-owned Hana Bank subsidiary and defending its and Hana Bank's interests in this case.

Therefore, Plaintiff Hana Financial respectfully requests that the Court deny Defendants' Summary Judgment Motion on priority and non-infringement due to non-use. *Chance*, 242 F.3d at 1159.

## II. LEGAL AUTHORITY

### A. Summary Judgment

For a motion for summary judgment to be granted, the moving party must "identify those parts of the record that indicate the absence of a genuine issue of material fact." *Brinson v. Linda Rose Joint Venture*, 53 F.3d 1044, 1048 (9th Cir. 1995). The "burden of establishing that there is no genuine issue of material fact lies initially with the moving party

and resolution of all doubts should be in favor of the party opposing the motion." *British Airways Board v. Boeing Company*, 585 F.2d 946, 951 (9th Cir. 1978). If the non-moving party can "designate 'specific facts showing that there is a genuine issue for trial'" the motion should be denied. *Id.* In this case, there are genuine issues of material fact in dispute concerning (1) each of the six *Teletrac* factors, (2) whether Hana Financial Group uses the HANA mark in the U.S. and (3) the priority date of Hana Financial's common law mark. These factual issues preclude granting summary judgment to Defendants on priority.

## III. ARGUMENT

### A. Summary Judgment Is Improper Because Genuine Issues Of Material Fact Exist As To Each And Every Teletrac Factor

"The first to use a mark [in commerce] is deemed the 'senior user' of that mark" Wurster Decl. Exh. 2, August 1, 2007 Order, Docket No. 69, at 9:14-16; Wurster Decl. Exh. 2, November 29, 2007 Order at 11:10-12. Mere advertising by itself does not establish use. *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1158 (9th Cir. 2001). Advertisements must be combined with "other non-sales activity sufficient to establish use in commerce." *Id.* The Ninth Circuit determines the sufficiency of use through a totality of the circumstances analysis including:

(1) the genuineness and commercial character of the activity;

(2) the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark;

(3) the scope of the non-sales activity relative to what would be a commercially reasonable attempt to market the service;

(4) the degree of ongoing activity of the holder to conduct the business using the mark;

(5) the amount of business transacted; and

(6) other similar factors.

*Id.* In order for non-sales activity to constitute "use in commerce" the mark must be used "in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark." *Id.* Because priority is based on an evaluation of a six factor *Teletrac* test to be balanced and weighed against each other, this case is not appropriate for summary judgment. In *CTC Int'l V. Hero Cycles Private*, 26 U.S.P.Q.2d (BNA) 1309 (C.D. Cal. 1992), which Defendants cite for the proposition that summary judgment is appropriate for priority issues, there were no genuine issues of material fact. This is not the case here, where there are genuine issues of material fact as to each of the six *Teletrac* factors.

Here, Defendants have even less evidence of interest generating advertisement prior to Plaintiff's priority date than T.A.B. had in *Teletrac*, thus, the prescedential holding in *Teletrac* compels denying Defendants' Motion for Summary Judgment.

| | *Teletrac* | Defendants |
|---|---|---|
| Adver-tisement | T.A.B. mailed 35,000 post cards, which generated 128 responses to its 800 | Defendants ran a single advertisement, which generated two inquiries |
| Sales | none | none |
| Continued Use | T.A.B. failed to establish that they genuinely continued to exploit the mark | • Defendants have submitted no evidence that they have continued to advertise the HANA BANK logo written in Hangul mark in the U.S.<br>• Defendants submitted no evidence that they received any applications in 1996, 2003 or 2007. Choi Decl. ISO Defendants' MSJ Exh. B.<br>• Defendants admit that they stopped using the Hana Overseas Club mark in 2000 when they changed the name to Hana World Center. |

| | *Teletrac* | Defendants |
|---|---|---|
| Sales | T.A.B.'s two sales were token sales and were not a *bona fide* first use | • Defendants admit that they have not sold any services in the U.S. because they were not licensed to conduct banking services until 2002. Wurster Decl. Exh. 5, Seung-Yu Kim Deposition at 24:22-25:3<br>• The fact that Defendants filed three trademark applications in 2001 based on an intent to use, evidences that they did not believe they had used the mark in commerce. |
| Ability to Offer Services | T.A.B. lacked the software to process customer calls and computer hardware to actually operate the business | Defendants did not obtain the necessary licenses to conduct business in the U.S. until 2002. Wurster Decl. Exh. 5, Seung-Yu Kim Deposition at 24:22-25:3 |
| Result | No trademark rights established | No trademark rights established |

If T.A.B.'s activities were insufficient to confer trademark rights, certainly Hana Bank's *de minimus* non-commercial use of the "HANA" mark cannot confer any trademark rights in the United States.

### *1.* Genuine Issues Of Material Fact Exist As To Teletrac Factor No. 1: The Genuineness And Commercial Character Of The Activity

Defendants' cannot establish trademark rights based on a single advertisement that does not represent a genuine attempt to solicit business. Contrary to Defendants' false claim that "On July 1994, Hana Bank began a large-scale advertising campaign for Hana Overseas Club" [Para. 6 of Def's Statement of Uncontroverted Facts], Hana Bank's July 14, 1994 advertisement was nothing more than token advertisement.

In fact, Hana Bank's witnesses candidly admitted that the Korean Bank did not need to conduct an advertising campaign in the U.S. because they communicated with customers living in the U.S. via private newsletters. Wurster Decl. Exh. 3, Gi Hong Kim Dep. at 16:12-16 ("A. At the time we communicated with the customers in the United States through internal newsletter called Hana World Newsletters. We did not really have a need for conducting advertisement campaign.") (emphasis added). Contrary to Hana Bank's litigation induced claim of a large-scale advertisement campaign, Hana Bank made no substantial investment in advertisement efforts in the U.S. in 1994. In fact, Mr. Ahn, Hana Bank's 30(b)(6) designee, testified that the Korean bank spent less than $4,000 advertising the Hana Overseas Club on

July 14, 1994 despite a $3 million dollar worldwide launch budget. Wurster Decl Exh. 4, Ahn Dep. at 97:25-98:4 ("Q. Is the number $3,800 U.S. the approximate amount of the cost of the newspaper ads to launch the Hana Overseas Club in the United States? A. Yes, that's correct."); 16:20-17:4. Thus, defendants spent less than 0.1% of its total U.S. advertising budget. It is not surprising that Hana Bank has provided no evidence of any revenue generated in 1994 from the advertisement, and the best estimate Hana Bank has been able to claim as revenues in 1994 due to the Hana Overseas Club services was mere $269 "extrapolated" by Defendants' damages expert. Wurster Decl. Exh. 6, Nolte Rough Deposition at 175:3-8.

Further, Hana Bank's witnesses testified that it did not make a substantial investment in advertising the Hana Overseas Club services in the U.S. because "the target audience are those who are planning to immigrate overseas and also planning to live there," not those already living here in the U.S. Wurster Decl. Exh. 14, Jin Ja Choi Deposition at 36:13-15. Further, the July 14, 1994 advertisement was just token use as evidenced by the fact that Defendants have presented no evidence that they followed it up with additional advertisements. Thus, Defendants' cannot establish trademark rights based on a single advertisement which was not a genuine attempt to solicit business.

Moreover, Hana Bank did not believe that this single advertisement was sufficient to confer U.S. trademark rights in 1993, 2001 and 2006. Defendants did not file a U.S. trademark application in 1993 evidencing that they did not believe they had use sufficient to confer trademark rights. Wurster

Decl. ¶ 20. When Hana Bank filed three trademark applications in February 2001, they filed them on an intent to use basis. Wurster Decl. Exh. 10. An intent to use trademark application is used when the trademark applicant is not yet currently using the trademark in commerce, but has a *bona fide* intent to use the mark. Trademark Manual of Examination and Procedure § 1101. Because Defendants filed their trademark applications on an intent to use basis, as opposed to a use based application, this is evidence that Defendants did not believe they had sufficient use even in 2002 to confer trademark rights. Again in 2006, Defendants filed two trademark applications on an intent to use basis, evidencing that they still did not believe they have used the mark in commerce. Wurster Decl. Exh. 11. Thus, to date, after filing at least five trademark applications with the U.S. Patent and Trademark Office, Defendants have never alleged that they have used any of their HANA marks in the U.S. or in U.S. commerce. Wurster Decl. ¶ 21. This evidence creates an issue of fact concerning the genuineness of Defendants' advertisement and whether that advertisement was sufficient to establish trademark rights.

*2.* **Genuine Issues Of Material Fact Exist As To Teletrac Factor No. 2: Whether The Mark Was Sufficiently Public To Identify Or Distinguish The Marked Service In An Appropriate Segment Of The Public Mind As Those Of Defendants**

Perhaps in recognition of the inadequacy of the activities related to the single July 14, 1994 advertisement, Defendants seek to rely on a number of private, non-public use of the mark on (1) non-public

newsletters; (2) business correspondence; (3) applications; and (4) summaries of transactions. These are not sufficient to establish trademark rights or sufficiently public to identify or distinguish the marked services as those of Defendants'.

First, a genuine issue of material fact exists as to whether defendants' single advertisement is sufficient to distinguish any services of Hana Overseas Club or Hana Bank as those of Defendants. There is no evidence in the record that Defendants' single July 14, 1994 advertisement created any required identification of Defendants. "For advertising alone to constitute use it must be 'of sufficient clarity and repetition to create the required identification [and] must have reached a substantial portion of the public that might be expected to purchase the services.' *T.A.B. Sys. v. PacTel Teletrac*, 77 F.3d 1372, 1375 (Fed. Cir. 1996). Defendants have presented no evidence that the public associated Defendants' mark with Defendants' services based on the single July 14, 1994 advertisement.

Second, a genuine issue of material fact exists as to whether Defendants' single July 14, 1994 advertisement reached an appropriate segment of the public. *Chance*, 242 F.3d at 1158. Defendants allege (without any documentary support) that they have customers in California, Colorado, Florida, Georgia, Illinois, Iowa, Maryland, Michigan, Missouri, New Jersey, New York, North Carolina, Texas, Virginia Washington and Washington D.C. Yet, Defendants have only submitted evidence that they made proposals to advertised their Hana Overseas Club services in Los Angeles, San Francisco, New York, and Chicago (there is no evidence besides the self-serving declaration of Mr. Ahn, that these advertisements

actually ran). *See* Ahn Decl. ISO Defendants' MSJ ¶ 2. Defendants' customers living outside the general Los Angeles, San Francisco, New York and Chicago areas thus did not even have access to the advertisement Defendants exclusively rely on to establish priority. There is simply no evidence that the July 12, 1994 advertisement ran anywhere else in the United States other than Los Angeles, separate and apart from one witness' testimony who is currently employed by the Korean bank. For that matter, Defendants cannot even establish that its customer base living in Los Angeles, San Francisco, New York and Chicago subscribe to and read the Korean Times. Hana Bank's claim that "Between July of 1994 and the present, Hana Bank through Hana Overseas Club and Hana World Center continuously advertised and provided financial services" [Paragraph 14] cannot be squared with the lack of evidence and lack of any substantial investment made to advertise the Club services in 1994.

Thus, because Defendants' use of the mark was not widespread enough to distinguish the marked services to an appropriate segment of the public as those of Defendants', Defendants cannot establish priority over Plaintiff's constructive priority date, August 25, 1995.

*3.* **Genuine Issues Of Material Fact Exist As To Teletrac Factor No. 3: Whether The Scope Of The Non-Sales Activity Relative To What Would Be A Commercially Reasonable Attempt To Market The Service**

Defendants did not make a commercially reasonable attempt to market their services prior to Plaintiff's constructive priority date of August 25, 1995. As

discussed above, Defendants spent less than 0.1% of their total advertising budget for the U.S. Defendants did not make a commercially reasonable attempt to market their services in the U.S. because the majority of their potential customers were located in Korea. As explained above, Ms. Choi testified that the target audience for the Hana Overseas Club are Koreans living in Korea who intend to move abroad, not people already living in the U.S. Wurster Decl. Exh. 14, Jin Ja Choi Rough Deposition at 36:13-15. Further evidence that the July 14, 1994 advertisement was not a commercially reasonable attempt to market Defendants' services is the fact that Defendants did not purchase additional advertisements. Defendants have presented no evidence that they followed the initial July 14, 1994 advertisement with additional advertisements. Thus, Defendants' cannot establish trademark rights based on a single advertisement which was not a commercially reasonable attempt to market their services.

*4.* **Genuine Issues Of Material Fact Exist As To Teletrac Factor No, 4: Whether The Degree Of Ongoing Activity Of The Holder To Conduct The Business Using The Mark**

Defendants have presented no evidence of ongoing activity to conduct business using the Hana Overseas Club mark. In fact, Defendants admit that in 2000 Hana Overseas Club changed its name from Hana Overseas Club to Hana World Center. Defendants' Undisputed Fact No. 13. Thus, any priority Defendants may have had in the Hana Overseas Club mark was lost in 2000 when they abandoned the mark for the Hana World Center name. Wurster Decl. Exh. 3, Gi Hong Kim Deposition at 21:18-19

("A. About the year 2000, they changed the name from Hana Overseas Club to [Hana] World Center.").

Defendants have presented no evidence of ongoing activity to conduct business using the HANA logo. In fact, Defendants' have presented no evidence that they conducted any U.S. business transactions under their mark prior to Plaintiff's priority date. Moreover, they have presented no evidence that in the 13 years since July 14, 1994 (their alleged priority date), they have ever commercially used the mark in U.S. commerce. Even the Chairman of Board of Directors and Former President of Hana Bank admitted that to the extent Defendants have conducted business transactions under the HANA mark around 1994, those business transactions occurred in Korea not the U.S. Wurster Decl. Exh. 5, Chairman Kim's Deposition at 45:24-46:13.

Defendants cannot be permitted to have U.S. trademark rights based solely on the advertisement of their services in the U.S. and rendering services from Korea. Such conduct is inconsistent with the territoriality principle which is "a basic tenant of trademark law" Wurster Decl. Exh. 2 , November 29, 2007 Order at 12:15-18; *Grupo Gigante*, 391 F.3d at 1093.

### *5.* Genuine Issues Of Material Fact Exist As To Teletrac Factor No. 5: Whether The Amount Of Business Transacted Is Sufficient To Establish Trademark Rights

Prior to Plaintiff's priority date, sufficient business was not transacted by defendants to establish trademark rights. As discussed above, prior to 1994, Defendants' damages expert estimated that Defend-

ants generated $269 of revenue in 1994 and $413 in 1995, evidencing that use of the mark was just token use. Wurster Decl. Exh. 6, Nolte Rough Deposition at 175:3-8. As, Hana Financial Group's chairman and CEO testified, the transactions that generated revenue occurred in Korea, not the U.S. Wurster Decl. Exh. 5, Chairman Kim's Deposition at 45:24-46:13. Moreover, in the 13 years defendants have alleged to be using their HANA marks in the U.S., they claim to have generated a mere $4000. Wurster Decl Exh. 7, Nolte expert Report at Exh. 3. Again, the transactions that generated revenue occurred in Korea, not the U.S. Wurster Decl. Exh. 5, Chairman Kim's Deposition at 45:24-46:13. Thus, a material issue of fact exists as to whether this *de minimis* revenue, emanating solely from Korean transactions is sufficient to establish trademark rights.

### B. Defendants Have Failed To Prove That Their HANA Marks Have Priority Over Plaintiff's Federal Trademark Registration

Apart from the factual disputes which preclude summary judgment on priority, Hana Bank's priority claim is deficient as a matter of law.

### C. Defendants Have Not Established Priority Of Their English Language Mark

Defendants premise their Motion on the misplaced belief that some alleged rights in a HANA BANK logo written in Hangul gives Defendants' broad rights to all HANA trademarks. This "tacking" argument fails under controlling Ninth Circuit law. The Ninth Circuit explained in *Brookfield* and *Quiksilver* that the standard for tacking is "exceedingly strict" and applies only in the "exceptionally

narrow instance where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom." *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006); *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999); *accord, e.g., American Paging, Inc. v. American Mobilphone, Inc.*, 13 USPQ2d 2036 (TTAB 1989) *aff'd*, 17 USPQ2d 1726 (Fed. Cir. 1990) (prior use of AMERICAN MOBILE PHONE & Design does not create priority in AMERICAN MOBILE PHONE PAGING & Design).

In *Brookfield*, the Ninth Circuit rejected a party's effort to claim priority in MOVIEBUFF.COM based on its prior use of the mark THE MOVIE BUFF'S MOVIE STORE. Reviewing numerous cases on the tacking issue, the Ninth Circuit rejected the priority claim and held that the prior use of THE MOVIE BUFF'S MOVIE STORE mark "is simply irrelevant." *Id.* at 1049. Similarly, in *Quiksilver*, the Ninth Circuit held that questions of fact exist regarding whether Quiksilver's use of the mark ROXY could take priority to prior use of the mark QUIKSILVER ROXY. *Quiksilver*, 466 F.3d at 759-60 (a reasonable jury could easily conclude that QUIKSILVER ROXY and ROXY do not create the "same, continuing commercial impression").

Defendants' Motion made no showing of priority for any mark other than its HANA BANK logo written in Hangul. Defendants have not made any showing that they have priority for their HANA OVERSEAS CLUB mark, their HANA BANK logo written in English or their HANA FINANCIAL GROUP mark, all of which have priority dates after Plaintiff's HANA FINANCIAL mark. Indeed, any alleged rights

Defendants may have in other marks are "simply irrelevant."[1]

### *1.* Hana Bank Cannot Establish Trademark Rights Based On Mere Advertising

In view of the insufficiency of a single advertisement to confer U.S. trademark rights, *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1158 (9th Cir. 2001) ("mere advertising by itself may not establish priority of use"), Defendants attempts to rely on subsequent alleged uses of the mark including (1) newsletters; (2) business correspondence; (3) applications; and (4) summaries of transactions. These alleged uses by Defendants are legally insufficient to establish trademark rights because (a) they are non-public us-

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[1] Lest Defendants try in their rebuttal briefing to argue that HANA OVERSEAS CLUB or Hangul-character marks could be the legal equivalent of the HANA BANK mark, that argument fails (a) because it was not raised in their affirmative motion, and (b) the marks are not legally equivalent. Use of a mark in one language does not create rights in the translation of the mark – in fact, marks using the same words used in different languages may not even be confusingly similar. *See, e.g.*, *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1376-77 (Fed. Cir. 2005) (the doctrine of foreign equivalents applies only where an ordinary American purchaser would stop and translate the work into English; the doctrine does not apply to the French word VEUVE, meaning "widow," and the VEUVE mark does not cause confusion with the trademark THE WIDOW); *In re Ness & Co.*, 18 USPQ2d 1815 (TTAB 1991) (GOOD-NESS and LABONTE, French for "goodness," are not the same mark and not even likely to be confused when both marks are used on cheese); *In re Buckner Enterprises Corp.*, 6 USPQ2d 1316 (TTAB 1987) (PALOMA, meaning both "dove" and "pigeon," not confusingly similar to DOVE).

es and trademark rights cannot be established based on non-public use of the mark; (b) most of these uses occurred after Plaintiff's constructive priority date, August 25, 1995; priority cannot be established by use of the mark *after* Plaintiff's priority date; (these non-sales activities took place outside of the U.S. and non-sales activities outside the U.S. are insufficient to establish U.S. priority; or (d) these non-sales activities took place inside the U.S. illegally and illegal use of the mark cannot establish trademark rights.

a. **Hana Bank Cannot Establish Trademark Rights Based On Its Non-Public Use Of The Mark**

Hana Bank cannot establish trademark rights based on non-public (1) newsletters; (2) business correspondence; (3) applications; and (4) summaries of transactions. One, Hana Bank's reliance on newsletters distributed in the United States are insufficient to establish trademark rights because these advertisements are private uses and not sufficiently public to establish trademark rights. As admitted by Hana Financial Group's 30(b)(6) witness, Gi Hong Kim, the newsletters only went to Hana Bank's existing customers or potential customers that specifically requested the newsletter. Wurster Decl. Exh. 3, Gi Hong Kim Rough Deposition at 19:1-6; Wurster Decl. Exh. 14, Jin Ja Choi Rough Deposition at 84:23-25 ("A. We have a Hana newsletter, it's an internal newsletter, for our customers. We send those newsletters to our customers."). Moreover, Defendants concede that these newsletters were merely part of Defendants "continuing advertising campaign," and trademark rights cannot be established based only

on advertisements. Defendants' Motion for Summary Judgment p. 14:1-3.

Two, the July 18, 1994 inquiry letters are legally insufficient to establish trademark rights *Brookfield*, 174 F.3d 1036 (The Ninth Circuit "rejected the theory that e-mail correspondence predating actual sales could constitute use in commerce because it failed to establish use 'in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.'"); *American Stock Exchange, Inc. v. American Express Co.*, 207 USPQ 356, 363 (TTAB 1980) ("In order to rely upon a use asserted to be analogous to trademark use, such use must be an open or public use"). Because the two July 18, 1994 inquiry letters were not public, they fail to establish use of the mark "in a way sufficiently public to identify or distinguish the marked services in an appropriate segment of the public mind as those of Defendants," and, as a result, they are legally insufficient to establish trademark rights. Moreover, there is no evidence that the two inquirers ever became Hana Overseas Club customers. Wurster Decl Exh. 3, Gi Hong Kim Dep. at 48:7-11 ("Q. Okay. So there's no way for you to tell, based upon the information in Exhibit E and Exhibit F, if these people became Hana Overseas Club members and opened accounts? A. That's correct."). Thus, just like the Defendant in *Teletrac*, who mailed 35,000 post cards, which generated 128 responses and no sales, Defendants' single advertisement, which generated two inquiries prior to Plaintiff's priority date "cannot be considered a first use under the law." *Chance*, 242 F.3d at 1158.

Three, Defendants admit that the Hana Overseas Club applications are confidential and that Korea has special laws governing disclosure of these documents. See Gi Hong Kim Decl. ISO Defendants' MSJ ¶ 11. Thus, the Hana Overseas Club applications are not an open and notorious use sufficient to for the public to identify the services as those of Defendants'.[2]

Four, the summary of Defendants' Hana Overseas Club and Hana World Center transactions is an internal document made for the purposes of this litigation. Kim Decl. filed ISO Defendant's MSJ, Exh. H. Therefore, this document fails to establish use of the mark "in a way sufficiently public to identify or distinguish the marked services as those of Defendants," and, as a result, is legally insufficient to establish trademark rights. Here, as admitted by Defendants, the only public use of their mark was the July 14, 1994 Los Angeles Korean Times advertisement which is insufficient to create trademark rights.[3]

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[2] Even assuming that Defendants can establish priority in a HANA mark prior to Hana Financial, this does not mean Hana Financial's infringement allegation fails. If Defendants can establish priority in a HANA mark the services under the mark are limited to foreign exchange, wire transfer and asset management services offered. Defendants' expansion into asset based lending (i.e. factoring), international trade financing, and real estate financing services in 2001 infringe Hana Financial's '227 mark. Moreover, there is a genuine issue of material fact concerning the geographic limitations of Defendants' common law marks. Defendants are limited to the geographic locations where they used the mark and can establish priority. *Glow Industries v. Lopez*, 252 F. Supp. 2d 962, 985 (C. D. Cal. 2002).

[3] Defendants have presented no evidence that additional advertisements ran. Mr. Kim's declaration conclusory states that Defendants have "continuously advertised" their services "in at

### b. Hana Bank Cannot Establish Trademark Rights Based On Non-Sales Activity That Occurred After Plaintiff's Priority Date

Defendants cannot establish priority based on activity which occurred after Plaintiff's priority date. For example, Defendants try to establish priority based on newsletters which they admit were not sent out to their customers until 1996, one year after Plaintiff's constructive priority date, August 25, 1995. Defs' Motion at 14:1-3. Defendants also cite 22 applications which were not received until after Plaintiff's constructive priority date, August 25, 1995. Thus, besides the July 14, 1994 advertisement, July 18, 1994 inquiry letters and November 24, 1994 application (which are insufficient to establish trademark rights) the entirety of Defendants' non-sales activity which it relies on to establish priority occurred after Plaintiff's constructive priority date, August 25, 1995.

Thus, because Defendants only use of the mark prior to Plaintiff's constructive priority date, August 25, 1995 is an advertisement and private business correspondence which are insufficient to establish trademark rights, Defendants' Motion for Summary Judgment must fail. *Chance*, 242 F.3d at 1160.

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least the following states: California, Colorado, Florida, Georgia, Illinois, Iowa, Maryland, Michigan, Missouri, New Jersey, New York, North Carolina, Texas, Virginia Washington and Washington D.C." without any support. Kim Decl ¶ 12. Even if Defendants had demonstrated advertisement in each of the above states, the continuing advertisements would have been after July 14, 1994 and are therefore legally insufficient to create priority in the mark as of July 14, 1994.

### c. Non-Sales Activity Rendered In Korea Cannot Establish US Trademark Rights

Even assuming that Defendants' non-sales activity including (1) sending newsletters (2) receiving applications (3) summaries of transactions and (4) sending and receiving business correspondence occurred prior to Plaintiff's August 25, 1995 constructive priority date and were open and notorious, they still cannot confer trademark rights as a matter of law because these activities were non-sales activity occurring outside of the U.S. As this Court has already correctly noted, the territoriality principle is "a basic tenant of trademark law" and, as a result, non-sales activity must be non-sales activity in the United States, not foreign non-sales activity. Wurster Decl. Exh. 1 , November 29, 2007 Order at 12:15-18; *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1093 (9th Cir. 2004); see generally, *Mother's Restaurants Incorporated*, 218 U.S.P.Q. 1046 (TTAB 1983) (holding mere advertisements in the U.S., without rendering of services within the U.S. "*create[d] no priority rights in said mark in the United States.*"). Thus, consistent with the TTAB's holding in *Mother's Restaurants* and the territoriality principle of trademark law, a foreign user's "non-sales activity sufficient to establish use in commerce" must be activity in the U.S., not a foreign country.

Defendants' Chairman, Mr. Kim, admitted that *all* of the services rendered to Hana Overseas Club members were rendered from Korea:

> Q. All right. Before July of 1994, can you describe for me the type of business Hana Bank was doing in the United States? Actu-

> al banking transactions is what I'm interested in.
>
> ***
>
> A. Well, we did a promotion of services to the United States but when we do business activities such as money transfers or remittance, say from Korea to United States, well, *I don't believe those activities are considered business transactions in the United States.*

Wurster Decl. Exh. 5, Chairman Kim's Deposition at 45:24-46:13. Thus, Chairman Kim admitted that Hana Bank only promotes/advertises its services in the U.S. (which is insufficient as a matter of law to confer trademark rights) all of the business transactions that Hana Bank offers are services in Korea, not the United States. All of the revenue Defendants earned for its Hana Overseas Club services was realized in Korea. See generally Wurster Decl. Exh. 3, Gi Hong Kim Declaration at 232:6-11. All of the real property managed by the Hana Overseas Club was located in Korea. Wurster Decl. Exh. 3, Gi Hong Kim Declaration at 140:7-20.

The only connection Hana Overseas Club had with the U.S. prior to 2002 when it opened its New York branch, is that money was transferred to and from Korean Hana Bank accounts to and from Banks in the U.S. (which were not affiliated with Hana Bank). Hana Bank's activities are analogous to a Korean traveler that comes to the U.S. and uses an ATM from a U.S. bank's ATM. Just because the Korean traveler used a U.S. bank while in America to withdraw cash on a vacation, does not mean that his local home bank has conducted any kind of banking

service in the U.S. If this were true, a bank would conduct business wherever its customers travel. If this were taken to the extreme, a local bank could conduct business in virtually every country in the world merely because its customers are well traveled and access money through ATMs from foreign countries. *Grupo Gigante* and *Mother's Restaurants* clearly indicate that rendering banking services from a foreign country do not create trademark rights for the foreign bank in the U.S.

Consequently, Defendants' non-sales activity i.e. use of the mark on newsletters, business correspondence, and applications are insufficient to establish use in U.S. commerce because Defendants admit that these services were rendered from Korea and do not constitute "business transitions in the U.S."

#### d. Unlawful Sales Of Services Do Not Give Priority

Even assuming that Defendants can prove that they were offering services in U.S. commerce (which they have admitted they cannot), that use would be unlawful and unlawful sales of services are not given priority. *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007) ("we also agree with the PTO's policy and hold that only lawful use in commerce can give rise to trademark priority."). In fact, Defendants admit that they were not authorized to conduct business in the U.S. until 2002, when Hana Bank merged with Seoul Bank:

> Q. In the United States, sir, is it necessary to have a government license to open a bank?
>
> A. Of course.

Q. And when was Hana Bank first licensed to operate a bank in the United States?

A. 2002.

Wurster Decl. Exh. 5, Seung-Yu Kim Deposition at 24:22-25:3. Defendants' agents did not know whether Defendants pay U.S. tax on the services allegedly rendered in the U.S. Wurster Decl. Exh. 5, Seung-Yu Kim Deposition at 26:14-19; Wurster Decl. Exh. 14, Jin Ja Choi Deposition at 126:14-16. Thus, even assuming that Defendants can establish that they used the HANA mark in the U.S. (which they cannot), those services are illegal since Defendants did not have the right to offer banking services in the U.S. until 2002 and apparently did not pay U.S. taxes on revenue generated in the U.S. prior to 2002. Thus, any illegal use of a HANA mark in the U.S. does not give Defendants priority.

### D. The Motion For Summary Judgment Should Be Denied Because A Genuine Issue Of Material Fact Exists As To Whether Hana Financial Group Uses The HANA Marks In The U.S.

With respect to Hana Financial Group, a material issue of fact exists as to whether or not Hana Financial Group uses the HANA mark in the U.S. Hana Bank is a wholly owned subsidiary of Hana Financial Group. Wurster Decl. Exh. 3, Gi Hong Deposition at 30:21-25; Wurster Decl, Exh. 4, Ahn Deposition at 148:15-49. Hana Bank and Hana Financial Group share executives. Wurster Decl. Exh. 5, Seung-Yu Kim Deposition at 11:20-13:2; 19:1-6. Thus, a material issue of fact exists as to whether Hana Financial Group controls Hana Bank.

Moreover, Hana Financial Group is responsible for "promoting the group image" of the "HANA" brand:

> [W]e promote our group image to external customers. In short, we do image communications. And also we do advertising that involves core marketing, like I said before... Promoting the Hana Bank running man design mark and Hana Overseas Club mark are included within the "group image" that Hana Financial Group is responsible for promoting.

Wurster Decl. Exh. 3, Gi Hong Kim Deposition at 32:22-33:8. Since, Hana Financial Group is responsible for promoting the "group image," it has used the mark in the U.S., contrary to its assertion in its Motion for Summary Judgment. Moreover, Hana Financial Group has admitted that it has used the Hana Financial Group mark in the U.S. Wurster Decl. Exh. 11, Hana Financial Group's Response to Interrogatories No. 6. Thus it is not surprising that the evidence indicates it is Hana Financial Group that is controlling and funding the defense of Hana Bank and Hana Financial Group. As a result, it simply not creditable that Hana Financial Group's is not using the HANA mark in the U.S. At a minimum, there is a genuine issue of material fact in dispute regarding whether Hana Financial Group uses any HANA mark in the U.S. independently or through Hana Bank.

### E. The Motion For Summary Judgment Should Be Denied Because A Genuine Issue Of Material Fact Exists As To The Priority Date For Plaintiff's Common Law Mark

One glaring flaw in Defendants' Motion is its complete disregard for Plaintiff's common law mark as the senior mark. Even assuming that Defendants can establish priority as of July 14, 1994 (which they cannot) Plaintiff's common law mark is the senior mark. Defendant's Motion for Summary Judgment focuses exclusively on the priority date for Plaintiff's federally registered mark and ignores Plaintiff's common law mark which has a priority date that predates Defendants' priority date. Ms. Sunnie Kim, co-founder and president of Hana Financial, testified at her deposition that she left Nara Bank and started to form Hana Financial with Charles Kim around May 31, 1994. Wurster Decl. Exh. 15, Sunnie Kim Rough Deposition at 35:9-13. They immediately decided on the name "Hana Financial, Inc." Wurster Decl. Exh. 15, Sunnie Kim Rough Deposition at 48:1-7. By August 15, 1994, Ms. Kim and Mr. Kim had already met with potential clients and told them about Hana Financial and its business plan. Wurster Decl. Exh. 15, Sunnie Kim Rough Deposition at 38:8-20. In those meetings they promoted and used the HANA FINANCIAL mark. Wurster Decl. Exh. 15, Sunnie Kim Rough Deposition at 38:21-23. If such analogous trademark use is sufficient to constitute trademark use for Defendants, then it is also sufficient for Plaintiff. *See generally, L&LG Stickley v. Ronald C. Cosser,* Cancellation No. 92040202 (TTAB Jan. 11, 2007). Thus, to the extent that any of Defendants' activities (advertisements in newspapers, newsletters, business correspondence, or applications) can confer

trademark rights (which they cannot) Defendants have admitted that they made no use of any HANA mark in the U.S. prior to July 14, 1994- a date subsequent to- Hana Financial's first common law use of the mark. Because Plaintiff has priority in its common law mark dating back to June 1994, it is the senior user and Defendants' Motion for Summary Judgment on priority must fail. At a minimum, Plaintiff's senior common law rights create a genuine issue of fact making summary judgment inappropriate here.

### F. Defendants Documents Are Improper And May Not Be Relied Upon to Support Their Motion For Summary Judgment

#### *1.* The Documents Relied Upon In Defendants' Motion for Summary Judgment Lack Foundation, Are Unauthenticated, And Constitute Inadmissible Hearsay

Only admissible evidence may be considered in ruling on a motion for summary judgment. See Fed. R. Civ. P. 56(e); *Orr v. Bank of America*, 285 F.3d 764, 773 (9th Cir. 2002); *Beyene v. Coleman Sec. Servs., Inc.*, 854 F.2d 1179, 1181 (9th Cir. 1988). Authentication is a "condition precedent to admissibility." Fed. R. Evid. 901(a). The 9th Circuit has repeatedly held that unauthenticated documents cannot be considered in a motion for summary judgment. *See Orr*, 285 F.3d at 774; *Cristobal v. Siegel*, 26 F.3d 1488, 1494 (9th Cir. 1994).

Defendants' Exhibits A, C, E, F, I and J are inadmissible hearsay because they are not authenticated.

Defendants' Exhibit B is inadmissible hearsay. Although Defendants keep the applications within Exhibit B in the ordinary course of business, the information within the documents is inadmissible hearsay under the business records exception because the customer is not under a business duty to fill out the form correctly. *See, e.g., U.S. v. Scholl*, 166 F.3d 964, 978 (9th Cir. 1999) (explaining basis for circumstantial guarantees of trustworthiness that support business record exception to the hearsay rule).

Defendants' Exhibit D is inadmissible hearsay. Mr. Gi Hong Kim did not authenticate this document as a business record. Mr. Kim is not qualified to authenticate this document because he testified that "Mr. Ahn would be the better person to give information about those advertisements that were placed in July of 1994." Wurster Decl. Exh. 3, Gi Hong Kim Rough Deposition at 36:7-12.

Defendants' Exhibit G is inadmissible hearsay. Mr. Gi Hong Kim did not authenticate this document as a business record. Mr. Kim is the wrong person to act as a custodian of this document for Hana Bank dated November 1994 because he did not work at Hana Bank in 1994 and does not currently work at Hana Bank today. Wurster Decl. Exh. 3, Gi Hong Kim Deposition at 55:22-56:12.

Defendants' Exhibit H is inadmissible hearsay. Mr. Kim admitted that Exhibit H is not kept in the ordinary course of business, but rather was created for the purposes of this litigation, and, as a result, is inadmissible. *United States v. Ray*, 930 F.2d 1368, 1370 (9th Cir. 1990); *U.S. v. Childs*, 5 F.3d 1328, 1333 (9th Cir. 1993) (Business records are admissible

hearsay only if "they are received, maintained, and relied upon in the ordinary course of business.").

Because none of the Documents defendants rely on to support their Motion for Summary Judgment are admissible pursuant to Fed. R. Civ. P 56(e), Defendants' Motion for Summary Judgment which relies on these documents must fail.

### 2. All Of Defendants' Evidence Is Subject To Credibility Determinations By The Jury

"Statements made in declarations that contradict prior deposition testimony cannot be used to [support] a motion for summary judgment." *Rodgers v. County of Yolo-Sheriff's Dep't*, 889 F Supp. 1284, 1288 (E. D. Cal. 1995). Even if the documents relied upon by Defendants are admissible, the declarations contradict the declarant's deposition testimony and therefore cannot be used to support Defendants' Motion for Summary Judgment:

| Declarant's Declaration | Declarant's Contradictory Deposition Testimony |
|---|---|
| "I am generally familiar with the business operations of Hana Overseas Club and Hana World Center since their inception." Choi Decl. ¶ 2. | "the only Hana Overseas Club accounts [I] know about are the ones from [my] particular branch of the Hana Bank." Wurster Decl. Exh. 14, Jin Ja Choi Rough Deposition at 46:4-8. |
| "All of the applications for Hana Overseas Club and Hana World Center bear the Hana Bank | At Ms. Choi's deposition she clarified that Defendants do not know where the applicant was |

| | |
|---|---|
| name, and the resulting memberships cover customers in at least the following states: California, Hawaii, Illinois, Maryland, New York, Virginia, and Washington." Choi Decl. ¶ 6. | living at the time they completed the application, rather Defendants assumed that the applicant was living in the U.S. based on the applicant's passport. Wurster Decl. Exh. 14, Jin Ja Choi Deposition at 145:10-16. |
| "Hana Overseas Club and Hana World Club have serviced more than 11,500 customers *in the United States*." Kim Decl. ¶ 15 (emphasis added). | At Mr. Gi Hong Kim's deposition he changed his testimony and stated instead that Hana Overseas Club and Hana World Center have serviced more than 11,500 U.S. citizens (regardless of their location). Wurster Decl. Exh. 3, Gi Hong Kim Deposition at 103:15-20. |
| "This document also evidences that Han a Overseas Club began advertising and offering services to foreign customers on or about July 12, 1994." Choi Dec1.¶ 4. | At Mr. Gi Hong Kim's deposition he testified that Exhibit H is "customers' list for...[Hana] Overseas Club" and that Defendants first began offering services in 1991. Wurster Decl. Exh. 3, Gi Hong Kim Deposition at 69:4-8; 105:17-106:6. |

Additionally, the certified translations provided by Defendants were not under penalty of perjury and

therefore the reliability of the translations is at issue. See LaVoie Exh. N.

Thus, issues concerning the credibility of the declarations exist and the declarations cannot be used to support Defendants' Motion for Summary Judgment. As a result, Defendants' Motion for Summary Judgment should be denied.

### *3.* The Documents Defendants Rely On To Establish Priority Should Be Precluded Because They Were Not Timely Produced

Defendants should be precluded from relying on documents produced after November 28, 2007, the date of the parties' Local Rule 37 meet and confer. For example, Defendants rely on over 250 pages of documents which were produced *for the first time on the day* that Defendants' Motion for Summary Judgment was filed. Wurster Decl. Exh. 8. Thus, Defendants delayed production of highly relevant documents for the exclusive purpose of sandbagging Plaintiff at the summary judgment stage. Many of these documents could have been produced earlier as evidenced by the fact that Defendants had several documents translated for their own personal use prior to production. For example, HB 8900-8904 were translated before being produced on December 9, the day before Defendants' Motion for Summary Judgment was filed. LaVoie Decl. ¶ 3; Wurster Decl. Exh. 9. Plaintiff currently has a motion to preclude all documents Defendants produced after the parties' Local Rule 37 meet and confer (over 2000 pages) pending before Magistrate Judge Johnson. Docket Entry No. 70.

## IV. CONCLUSION

For the reasons discussed above, genuine issues of material fact exist, and, as a result, Defendants' Motion for Summary Judgment should be denied.

Respectfully submitted,

Dated: December 21, 2007

BAKER & McKENZIE LLP

By:/s/ Howard N. Wisnia
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D. James Pak
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Attorneys for Plaintiff
HANA FINANCIAL, INC.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA –
SPRING STREET DIVISION

HANA FINANCIAL, INC., a
California corporation,

Plaintiff,

v.

HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP, a
Korean corporation

Defendants.

HANA BANK AND HANA FINANCIAL GROUP INC.'S REPLY SUPPORTING SUMMARY JUDGMENT RE PRIORITY

## I. INTRODUCTION

The undisputed facts show that: (i) Hana Bank has continuously used its HANA mark servicing financial customers in the United States since its first advertisement in July of 1994; and (ii) HFI did not incorporate until August of 1994, and it did not file its trademark application until August of 1995. This is a textbook case of trademark priority. Judge Wilson already concluded that Hana Bank had sufficiently alleged its own trademark priority. [*See* Nov. 29, 2007 ORDER DENYING HFI'S MOTION TO DISMISS FIRST AMENDED COUNTERCLAIM (the "Nov. 29 Order").] Today, the undisputed facts prove the veracity of those allegations.

Yet HFI stubbornly maintains its infringement claims against Hana Bank through as series of quizzical arguments. For instance, HFI maintains that under the territoriality doctrine, Hana Bank's ser-

vices to United States residents do not involve a "use in commerce" of its mark. HFI ignores well-settled law and Judge Wilson's Nov. 29 Order, which concluded that territoriality limitations do not apply because" Hana Bank is not claiming that they served individuals with their banking when they were in Korea These are commercial transactions involving individuals living in the United States . " [Nov. 29 Order, p. 15.]

HFI also argues that the "totality of the circumstances" standard does not establish Hana Bank's priority even though there exists ample evidence establishing that Hana Bank used and advertised its HANA mark in the United States before HFI did so. To reach this conclusion, HFI argues that Hana Bank's business activities following HFI's application date must be disregarded as irrelevant, while Hana Bank's activities prior thereto must be disregarded as *de minimis*. This piecemeal argument ignores the "totality of the circumstances" legal standard, which allows Hana Bank to rely on its first advertisements provided its subsequent commercial use was public and continuous.

HFI next posits that Hana Bank cannot rely on the Korean or other iterations of its HANA mark (e.g., HANA Overseas Club, HANA World Center). This ignores that, as a matter of law, the foreign mark is deemed the legal equivalent of the English mark, because the Korean-American target market understands the foreign iteration. Furthermore, HFI's complaint targets any and all use of the term "HANA" in connection with financial services, so any iteration of the HANA brand would naturally come to bear on the priority analysis.

HFI's remaining arguments are even more desperate, and worth little consideration. For instance, HFI posits *without support* that Hana Bank's U.S. business is somehow unlawful. HFI also levies an eleventh hour sham assertion that it possessed common law trademark rights predating Hana Bank's July 1994 priority date. However, HFI has previously admitted that it used its mark in interstate commerce no earlier than April 1995 priority date. Its "new" allegation—asserted for the first time after Hana Bank filed its Motion—is unsupported by any documentary evidence. Finally, HFI has proffered no evidence whatsoever that Hana Bank's financial holding company HFG has used a HANA mark in connection with the provision of services to U.S. customers. Instead, HFI half-heartedly argues that HFG controls Hana Bank's commercial activities based in part on its assumption that HFG is "funding the defense of Hana Bank and [HFG.]" [Opposition, p. 20.] As with many of HFI's arguments, this statement lacks support, and like HFI's common law argument, it does not create a *genuine* factual dispute toward Hana Bank's dispositive Motion for Summary Judgment.[1]

## II. HANA BANK'S PRIORITY IS BEYOND REASONABLE DISPUTE

The following facts remain undisputed: (i) Hana Bank established the Hana Overseas Club in May 1994 [UF 4]; (ii) Hana Overseas Club services became available to U.S. consumers on July 12, 1994

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[1] HFI's Statement of Disputed Fact improperly relies on legal assertions, rather than controverting facts supported by evidence to refute Hana Bank's facts in violation of this Court's standing Scheduling Order.

[UF 5]; (iii) Hana Bank began advertising its HANA Overseas Club in the United States on July 14, 1994 [UF 6-7]; (iv) it received immediate customer response, and obtained actual U.S. customers in 1994 [UF 9-11]; and (v) through the present, it has continuously obtained new customers and provided ongoing financial services to its customers in the United States, including in California Colorado, Florida, Georgia, Illinois, Iowa, Maryland, Michigan, Missouri, New Jersey, New York, North Carolina, Texas, Virginia, Washington, and Washington, DC. [UF 12-14; AUF 10[2] .] HFI, for its part, did not incorporate until August 15, 1994 [UF 23], did not use its mark in commerce until April 1, 1995 [UF 24], and its trademark application was not published until April 23, 1996 [UF 27.] These facts establish trademark priority.

## III. TERRITORIALITY LIMITATIONS DO NOT APPLY

HFI argues that Hana Bank's provision of financial services to its U.S. customers does not constitute a "use in commerce" because even if its customers are U.S. residents, Hana Bank is located abroad. This argument ignores clear statutory and case law, and contravenes Judge Wilson's well-reasoned Nov. 29 Order.

First, the Lanham Act defines commercial use of a service mark as that where the mark is "used or displayed in the sale *or advertising* of services and the services are rendered in more than one State

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[2] "AUF" refers to the Additional Undisputed Facts of record in connection with Hana Bank's Opposition to HFI's Motion for Summary Judgment re Infringement.

*or in the United States and a foreign country* and the person rendering the services is engaged in commerce in connection with the services." 15 U.S.C. § 1127 (emphasis added). Hence, Hana Bank's Korean location does not disqualify its commercial activities from being trademark "use" so long as it is servicing customers in the United States. Indeed, Hana Bank easily meets the domestic "use" requirement. *First Niagara Insurance Brokers, Inc. v. First Niagara Financial Group, Inc.*, 476 F.3d 867 (Fed. Cir. 2007) (conferring trademark priority on a Canadian insurance broker whose advertising reached the U.S. market and whose services reach U.S. customers even though the broker neither had a physical presence nor an insurance license in the U.S.).

Second, HFI argues under *Mother's Rests. Inc. v. Mother's Other Kitchen, Inc.*, that the "territoriality principle" precludes foreign trademark use from conferring trademark priority in the United States. 218 U.S.P.Q. 1046, 1047 (T.T.A.B. 1983). Judge Wilson, upon considering this case, correctly observed that the present case does not involve foreign trademark use. [Nov. 29 Order, pp. 13-15.] Rather, Hana Bank's domestic trademark use alone is enough to confer priority.

*Mother's Restaurants* involved a Canadian restaurant that ran advertising to draw customers from the United States to a Canadian dining establishment. 218 U.S.P.Q. at 1047-48. Although some Americans did travel and dine at the foreign establishment, the advertising activities were deemed insufficient to constitute a qualifying "use in commerce" of the restaurant's trademark. *Id.* This is because the case involved a foreign entity "who may have advertised in the United States but did not engage in any

commercial activities involving United States residents. [T]he restaurant in Canada claimed that its commercial activity in the United States was based on its serving U.S. residents who ventured over into Canada." [Nov. 29 Order, pp. 14-15.]

Other cases that apply territoriality restrictions tend to involve the types of services (*e.g.*, restaurant, hair salon) that cannot be provided but for the consumer's travel abroad. *See, e.g., Buti v. Impressa Perosa, S.R.L.*, 139 F.3d 98 (2nd Cir. 1998) (domestic advertising of a foreign restaurant); *Linville v. Rivard*, 41 U.S.P.Q.2d 1731 (T.T.A.B. 1997) (domestic advertising of a foreign hair salon); cf. *Int'l Bancorp, LLC v. Societe Des Bains De Mer Et Du Cercle Des Etrangers a Monaco*, 329 F.3d 359, 361 (4th Cir. 2003) (foreign casino operator satisfied the "use in commerce" requirement by advertising its gambling services to U.S. citizens, and providing gambling services abroad to U.S. citizens, because the advertising and services constitute foreign trade that Congress may lawfully regulate). Put another way, territoriality restrictions apply where the customer must travel to the services abroad, but not where the services are delivered to the customer in the United States.

"In the present case, however, Hana Bank is not claiming that they served individuals with their banking when they were in Korea These are commercial transactions involving individuals living in the United States [who] were provided financial services by Hana Bank." [Nov. 29 Order, p. 15.] As noted above, the undisputed facts support this point. Accordingly, the territoriality limitation does not apply, and Hana Bank's financial services qualify as

services provided in interstate commerce under the HANA mark.[3]

## IV. HANA BANK'S JULY 1994 PRIORITY SATISFIES THE *TELETRAC* FACTORS BEYOND FACTUAL DISPUTE

The Ninth Circuit's "totality of the circumstances" analysis easily supports Hana Bank's superior trademark rights beyond factual dispute. *Chance* v. *Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001).

The *Teletrac* analysis does not measure activity only on the first day of use, but examines whether activity on that date was public *and* launched subsequent, lasting commercial activity. *Id.* Hana Bank's first advertisement and offer of services in the United States cannot reasonably be disputed as a genuine commercial activity. On July 14, 1994 Hana Bank began running *multiple* newspaper advertisements in the U.S., with one surviving as an exemplar of its July 1994 advertising campaign. [UF 6 ("Due to the time lapse since the publication of these documents, I have been unable to retrieve copies of most of them. However, I have been able to obtain a copy of one ad-

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[3] HFI makes too much of Chairman Kim's alleged assertion that Hana Bank was not engaged in business transactions in the United States. Placed in its proper context—the bulk of which was redacted by HFI— Chairman Kim's testimony referred merely to "banking transactions." Both HFI's qualified question ("*Actual banking transactions is what I'm interested in.*") and Chairman Kim's subsequent response ("*So it's kind of difficult to use the term banking transaction in this context.*") make clear that Chairman Kim was simply distinguishing the financial services that Hana Bank had been providing in the United States from traditional retail "banking" services. [SECOND SUPPLEMENTAL LAVOIE DECL., ¶ 3, Exh. NN.]

vertisement.").] Advertisements are quintessentially public and commercial in nature. *See Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 768 (Fed. Cir. 1993) (finding that three newspaper advertisements corroborated a prior use assertion).

The HANA Overseas Club ad campaign commencing on July 14, 1994 launched a continuous and wide-spread use of the HANA mark in connection with domestic services. [UF 6-18, SUPP. KIM DECL.[4], Exh. CC.] HFI attempts to minimize the impact of Hana Bank's prior advertising by drawing imaginary boundaries around July 14, 1994, logic dictating that only one advertisement ran on that particular date. But, the undisputed evidence actually demonstrates that the July 14, 1994 advertisement was the first of several in connection with the HANA Overseas Club. [UF 6, SUPP. KIM DECL., EXH. CC.] The impact of the initial ads was not *de minimis*, but very successful, generating at least 163 accounts in only the *first 43 days* following the July 12, 1994 advertisement. [SUPP. KIM DECL., EXH. CC.] Since then, Hana Bank has serviced more than 11,500 customers in the United States, and has remitted in excess of $37 million for those customers. [UF 17.] Hana Bank has opened accounts for customers residing in California, Colorado, Florida, Georgia, Illinois, Iowa, Maryland, Michigan, Missouri, New Jersey, New York, North Carolina, Texas, Virginia, Washington, and Washington D.C. [AUF 10.] This is certainly sufficient to

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[4] All references to the Supplemental Kim Declaration refer to that submitted in opposition to HFI's Summary Judgment Motions.

meet the "degree of domestic business" standard.[5] It differs dramatically from the analysis in *Teletrac*, which consisted of *no sales* as a result of a kick-off campaign. *Teletrac*, 242 F.3d at 1155.[6]

Furthermore, the fact that Hana Bank did not list July 1994 as its priority date in connection with trademark applications is a red herring. Hana Bank's 2001 and 2006 applications for the HANA BANK name were not based on its intent-to-use the mark, but on a § 44(E) claim of priority[7] based on foreign rights.[8] [*See* WURSTER DECL., ¶ 12, Exh. 10.] It made sense then for Hana Bank to rely on its foreign priority date, which predates its domestic priority date of July 1994, but this strategic decision is not an admission against domestic priority.

Hana Bank's decision to wait until 2001 to file trademark applications was a result of HFI's making. In 1995, shortly after HFI had adopted the HANA name, Charles Kim visited Hana Bank's Chairman and specifically stated that Hana Bank

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[5] To confuse this issue, HFI conflates the damages calculation and the commercial use analysis. Certainly, one can engage in substantial commerce without yielding substantial profits.

[6] HFI's unfocused discussion of Hana Bank's newsletters, customer applications, and transaction summaries muddles its *Teletrac* analysis. [Opposition, 8:5-10.] These items are not proffered evidence of the first public use of the HANA mark, but rather as evidence of the continuous and ongoing nature of Hana Bank's business with U.S. customers since July 1994.

[7] Under § 44(E), "a mark duly registered in the country of origin of the foreign application may be registered on the principal register." 15 U.S.C. § 1126(e).

[8] Examination of the 2001 and 2006 HANA BANK trademark applications themselves reveal that Hana Bank filed *only* on a § 44(E) basis. [SECOND SUPP. LAVOIE DECL., ¶ 6, Exh. PP.]

"did not have to worry" about HFI's entry into the marketplace. [AUF 12-13.] Charles Kim represented that HFI "would not cause problems" for Hana Bank. [AUF 13.] Based on this representation, Hana Bank did not feel it had to rush out to file its own trademark application. [AUF 14-16.] Having provided assurances that HFI would not interfere with Hana Bank's trademark rights in 1995, HFI cannot now use Hana Bank's trust as an admission against senior rights.

## V. HANA BANK'S PRIORITY IS BASED ON CONTINUOUS USE

HFI argues that different iterations of Hana Bank's HANA brand, including the Hangul-character version of the mark, cannot support priority. This ignores that Hana Bank's first U.S. advertisement clearly displayed the English-language version of the HANA Overseas Korean Club in addition to the Hangul version. [UF 7.] Subsequent advertising and use has likewise consistently carried the HANA house mark. [UF 14-15, 18-19.]

Furthermore, it is undisputed that both HFI and Hana Bank target the Korean-American market. [UF 4, 16; Complaint ¶¶ 16-17.] The HANA Overseas Korean Club and HANA World Center are specifically directed to recent Korean expatriates. [UF 4, 16.] Accordingly, Hana Bank's target market in the United States is familiar with the Korean language, and readily recognizes the equivalency between the Korean and English language version of the HANA BANK mark. Under these circumstances, the two versions of the mark are legal equivalents, and priority can be based on either.

The two versions of Hana Bank's mark are foreign equivalents because the relevant consumers understand both versions as representing HANA BANK. *See*, e.g., *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison*, 396 F.3d 1369, 1377 (Fed. Cir. 2005) (the doctrine of foreign equivalents applies where relevant consumers would stop and translate the mark into the English equivalent); *Rosenblum v. George Willsher & Co.*, 161 U.S.P.Q. 492 (T.T.A.B. 1969) (TORO ROJO was deemed the legal equivalent of RED BULL); *In re American Safety Razor Co.*, 2 U.S.P.Q.2d 1459 (T.T.A.B. 1987) (GOOD MORNING for shaving cream and BUENOS DIAS for soap have sufficient equivalency in connotation and meaning to support an infringement claim). In *Palm Bay Imports*, which concerned the VEUVE CLICQUOT champagne mark targeted to a general American public, it was specifically held that "it is improbable that the average American purchaser would stop and translate 'VEUVE' into 'widow.'" 396 F.3d at 1377. In the present case, which involves a much narrower Korean-American public, it is certain Korean expatriates will understand the translation.

Furthermore, Hana Bank's use of HANA Overseas Korean Club (with only HANA in all caps [*see* UF 7] and HANA World Center as the names of service programs does not violate any tacking rules because all such use centers around the distinctive HANA house brand alongside a generic product name—i.e., this is no different than referring to WELLS FARGO Home Loans. Indeed, HFI's entire Complaint is premised on the allegation that Hana Bank is using the "HANA mark" in an infringing manner. Clearly, HFI itself perceives HANA as the operative brand. Hana Bank's use of the HANA

brand in connection with its Overseas Korean Club and World Center service programs supports priority because it creates a continuous commercial expression of the HANA brand. *See*, e.g., *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 955 (7th Cir. 1992) (no abandonment "[s]o long as the owner continuous use of the 'key element'" of its mark). In *Sands, Taylor & Wood*, the Court perceived continuity between the marks "THIRST-AID" and "THIRST AID First Aid for Your Thirst" because they conveyed the same basic, overall commercial impression on buyers. *Ibid.* The same is true for Hana Bank's continuous use of its HANA house mark in U.S. commerce.

## VI. HANA BANK'S DOMESTIC ACTIVITIES ARE NOT UNLAWFUL

HFI practices slight of hand when it argues that Hana Bank was not authorized to provide "banking services" in the United States before 2002. According to HFI, Hana Bank's prior services were therefore unlawful and cannot contribute to superior trademark rights. This argument fails because Hana Bank's trademark priority does not rely on its provision of general "banking services," by which HFI presumably refers to retail banking services via domestic branches. Rather, Hana Bank's trademark priority derives from its provision of foreign exchange, wire transfer, and asset management services to Korean expatriates. [UF 4-5, 14.] HFI does not explain how these particular services require a particular license, because it cannot. *See First Niagara*, 476 F.3d at 868 (priority conferred upon Canadian insurance broker who was unlicensed in the United States). Certainly, HFI has failed to establish through uncon-

troverted facts that Hana Bank's activities were somehow unlawful.

## VII. HFI'S ELEVENTH HOUR COMMON LAW CLAIM IS A SHAM

HFI's common law priority claim is a mere sham designed to prevent summary judgment. *See Kennedy v. Allied Mutual Ins. Co.*, 952 F.2d 262 (9th Cir. 1991) (a contradictory but "sham" declaration cannot create a triable issue of fact).

Until Hana Bank filed the present Motion, HFI had never mentioned the dubious pre-incorporation activities it now asserts as establishing prior common law rights. In fact, in discovery HFI repeatedly admitted a commercial priority date of April 1, 1995. [UF 24, AUF 19.] It also admitted that it did not use the name on pre-sales activities prior to its incorporation on August 15, 1994. [UF 23, SUPP. LAVOIE DECL.[9], ¶ 2, Exh. DD.]

Further suspect is the testimony of Sunnie Kim, HFI's president, who does not remember what transactions (if any) HFI engaged in as of HFI's admitted April 1, 1995 priority date, yet who suddenly claims that there was use predating Hana Bank's priority date. [AUF 20.] Ms. Kim asserts that HFI's pre-incorporation use consisted of meetings in which business plans bearing the HFI trademark were presented to unidentified third parties. *Yet, no copies of these alleged business plans have been produced, and no alleged recipients have been identified.* [SECOND SUPP. LAVOIE DECL., ¶ 2.]

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[9] Filed in opposition to HFI's Motions for Summary Judgment.

In any event, assuming *arguendo* that business plans did exist, unlike Hana Bank's *public* advertisements, these closed-door items do not count toward the priority calculation. *Teletrac*, 242 F.3d at 1159[10], *Brookfield Comm., Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1053 (9th Cir. 1999) (private emails to third parties insufficient to confer priority); *American Stock Exchange, inc. v. American Express Co.*, 207 U.S.P.Q. 356, 363 (TTAB. 1980).

## VIII. HANA BANK HAS PROPERLY AUTHENTICATED ITS EVIDENCE

HFI has submitted no specific evidentiary objections to any of Hana Bank's declarations or exhibits, rendering them improper for decision on the merits. Moreover, its assertions lack merit:

- **Exhibit A (Internal Memo re HANA Overseas Club)** Ms. Choi has personal knowledge of this memo because she began working at Hana Bank in 1993 and works with the HANA Overseas Club. [*See* CHOI DECL.,[11] ¶ 1-4.]
- **Exhibit B (HANA Overseas Club Applications)** – These do not constitute hearsay because they are not offered for the truth of their contents (i.e. that the information submitted by the third party customers is correct) but rather to establish the applications' existence. F.R.C.P 802. Moreover, that these

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[10] As discussed above, the gravamen of the *Teletrac* test centers around whether a first use is sufficiently public to confer priority.

[11] Submitted in connection with Hana Bank's Motion for Summary Judgment.

documents are business records kept in the ordinary course of business confers a hearsay exception. *U.S. v. Childs*, 5 F.3d 1328, 1333(9th Cir. 1993).

- **Exhibits C, D, E, F, G, I** Mr. Kim authenticates these exhibits based on personal knowledge resulting from his job duties with Hana Bank. [*See* KIM DECL.,[12] ¶ 1.] Mr. Kim also directly assisted in gathering and producing the records. [SECOND SUPP. LAVOIE DECL., ¶¶ 4-5, Exh. OO.]
- **Exhibit D (July 14, 1994 Korea Times Excerpt)** – This is not hearsay because it is offered not for the truth of its contents, but to demonstrate that the advertisement ran. F.R.C.P. 802.
- **Exhibit G (HANA Overseas Club Application)** – This is a subset of Exhibit B and is admissible for the reasons set forth with respect thereto.
- **Exhibit H (Excel Spreadsheet Depicting U.S. Customers)** – This is not inadmissible hearsay, as it is an Excel spreadsheet created via a search of the data kept in Hana Bank's computer database in the regular course of business.
- **Translations** – Hana Bank's translations were performed by professional Korean to English translators with over 20 years of experience who certified correct translations.

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[12] Submitted in connection with Hana Bank's Motion for Summary Judgment.

[*See* LAVOIE DECL.,[13] Exh. M.] HFI presents no reason to suspect they are incorrect.

## IX. HFI HAS PROFFERED NO EVIDENCE OF HFG'S LIABILITY

HFI has provided no evidence demonstrating that HFG has used any HANA mark to provide services in the United States, an issue on which it bears the burden of proof. To the contrary, HFG has provided evidence that it has *not* conducted business in the United States under any mark including the HANA mark. [UF 21.] Because HFG's evidence on this point is undisputed, summary judgment is warranted. *Nissan Fire & Marine Ins. Co., Ltd. v. Fritz Cos., Inc.*, 210 F.3d 1099, 1102 (9th Cir. 2000) (Summary judgment is proper where the party bearing the burden of proof proffers no evidence in support of its claims.).

## X. CONCLUSION

For these and the foregoing reasons, Hana Bank and HFG respectfully request that this Court grant summary judgment in their favor with respect to HFI's First through Fifth Claims.

Dated: December 28, 2007

Respectfully submitted,
SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By */s/ Carlo F. Van den Bosch*
CARLO F. VAN DEN BOSCH
Attorneys for Defendants and Counterclaimants

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[13] Submitted in connection with Hana Bank's Motion for Summary Judgment.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES GENERAL

Case No. CV 07-1534 PA (JWJx)

Date January 7, 2008
Hana Financial, Inc. v. Hana Bank, et al.

Present: The Honorable
PERCY ANDERSON,
UNITED STATES DISTRICT JUDGE

IN CHAMBERS COURT ORDER

Before the Court are three Motions for Summary Judgment filed by plaintiff Hana Financial, Inc. ("Hana Financial") (Docket Nos. 77, 81, and 83) and one Motion for Summary Judgment filed by defendants Hana Bank and Hana Financial Group (collectively "Hana Bank") (Docket Nos. 75 and 92).

This case involves a trademark dispute between two financial services companies that compete for the business of the Korean-American community in Los Angeles. Hana Financial asserts that Hana Bank infringes its servicemark by using the "HANA" name to market and sell financial services, thereby confusing the public and improperly suggesting an affiliation between Hana Financial and Hana Bank. Hana Financial's Complaint alleges claims for: (1) trademark infringement under 15 U.S.C. § 1114(a) of the Lanham Act; (2) trademark infringement under 15 U.S.C. § 1125(a) of the Lanham Act; (3) false designation of origin under 15 U.S.C. § 1125(a) of the Lanham Act; (4) common law trademark infringement under federal law; and (5) unfair competition

under California common law and California Business and Professions Code section 17200.

Hana Bank filed an answer and counterclaim. The counterclaim alleges that Hana Financial fraudulently procured its mark by knowingly submitting a false oath in connection with its application. Specifically, Hana Bank asserts that it had advertised the "Hana Bank" mark before Hana Financial applied for its "Hana Financial" service mark. The judge to whom this case was originally assigned granted Hana Financial's Motion to Dismiss the Counterclaim on July 25, 2007.[1] Hana Bank then filed its First Amended Counterclaim. The Court denied Hana Financial's Motion to Dismiss the First Amended Counterclaim in a November 29, 2007 Order.

Hana Financial's three Motions seek summary judgment on: (1) the issue of infringement, or, in the alternative, likelihood of confusion; (2) Hana Bank's affirmative defenses; and (3) Hana Bank's Counterclaim. Hana Bank's Motion seeks summary judgment on the ground that it does not infringe Hana Financial's mark because it is the senior user of the mark.

## I. FACTUAL BACKGROUND

Hana Bank is currently the fourth largest bank in the Republic of Korea. It provides financial services such as asset-based lending and trade financing. Its parent company, Hana Financial Group, is also a Korean corporation. Hana Bank began using the Hana Bank name in Korea in 1991 when it changed its

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[1] This action was transferred to this Court on December 21, 2007 pursuant to section 3.2.1 of General Order 07-02.

name from Korea Investment Finance Corporation. Hana Bank did not have a physical presence in the United States until it took over the New York Branch of Seoul Bank in 2002. As part of its merger, Seoul Bank changed its name to Hana Bank. Prior to that time, Hana Bank used its mark in commerce in connection with the provision of money transfers and asset management services to residents of the United States through its Hana Overseas Club. The Hana Overseas Club, which targets Korean expatriates living in the United States, became available at least as early as July 1994 when Hana Bank advertised the service in the July 14, 1994 Los Angeles edition of the Korea Times. Al-though Hana Bank employees have testified that Hana Bank ran additional advertisements, the company has been unable to locate copies of those advertisements.

Through the Hana Overseas Club, Hana Bank manages the financial assets of its customers living in the United States and, upon request, converts funds into dollars and remits them to its customers in the United States via wire transfer. Although these services are provided for the benefit of those living in the United States, the services themselves are performed by personnel in Korea. Hana Bank received its first inquiry concerning the Hana Overseas Club in response to the July 14, 1994 advertisement on July 18, 1994 and began approving memberships in the Hana Overseas Club at least as early as November 24, 1994. In the intervening years, the Hana Overseas Club, which changed its name to the Hana World Center in 2000, has serviced approximately 11,500 customers in the United States.

Hana Financial was founded by Charles Kim and Sunnie Kim and incorporated in California on August 15, 1994. Hana Financial provides financial services in factoring, asset-based lending, equipment lease financing, trade financing, purchase order financing and real estate financing. Hana Financial owns and uses U.S. Trademark Registration No. 1,987,227 for the service mark "Hana Financial" and has offered its financial services in the United States under this name since at least April 1, 1995 when it completed its first commercial transaction with a customer.[2] Hana Financial submitted its registration to the United States Patent and Trademark Office ("PTO") on August 21, 2005. In applying for the Hana Financial mark, Charles Kim signed a statement declaring that "to the best of [his] knowledge and belief, no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive " The service mark was issued on July 16, 1996. Like Hana Bank, Hana Financial provides services primarily within the Korean-American community.

Charles Kim and Sunnie Kim had dealings with Hana Bank prior to their incorporation of Hana Financial. Specifically, while working for California

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[2] Although Hana Financial's first transaction did not occur until April 1, 1995, Sunnie Kim testified that she used the Hana Financial mark as early as May 1994 when meeting with potential customers concerning "real estate related transaction advice, asset based lending, those type of business discussion[s]...." Deposition of Sunnie Kim, p. 48, ll. 8-23.

Center Bank in the early 1990s, Charles Kim and Sunnie Kim met with Hana Bank's Chairman, Seung-Yu Kim, to discuss Hana Bank's potential investment in California Center Bank. Additionally, according to Seung-Yu Kim, Charles Kim visited him in Seoul in 1995. During that visit, Charles Kim showed Seung-Yu Kim a Hana Financial business card and Seung-Yu Kim asked Charles Kim why he was using the name Hana Financial without having obtained Hana Bank's permission. Charles Kim, who is now deceased, responded that he admired the name and that he would only use it in connection with factoring services, so it would not create any conflict with the services provided by Hana Bank. According to Seung-Yu Kim, he told Charles Kim of Hana Bank's plans to provide services to those living in the United States.

## II. ANALYSIS

### A. Priority of the Competing Marks

In its Motion for Summary Judgment, Hana Bank contends that it is not liable on any of Hana Financial's claims because it is the senior user of the mark. The general rule is that "[t]he first to use a mark [in commerce] is deemed the 'senior' user" of that mark. *Brookfield Commc'ns. Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999); *see also Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004) ("Under the principle of first in time equals first in right, priority ordinarily comes with earlier use of a mark in commerce. It is 'not enough to have invented the mark first or even to have registered it first.'") (quoting Sengoku Works Ltd. v. RMC Intl, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996)). With respect to service marks, the Lanham Act defines the term "use in commerce" to mean:

> The bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1127.

The Ninth Circuit determines the sufficiency of use through a totality of the circumstances analysis:

> [W]e hold that the totality of the circumstances must be employed to determine whether a service mark has been adequately used in commerce so as to gain the protection of the Lanham Act. In applying this approach, the district courts should be guided in their consideration of non-sales activities by factors we have discussed, such as the genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark, the scope of the non-sales activity relative to what would be a commercially reasonable attempt to market the service, the degree of ongoing activity of the holder to conduct the business using the mark, the amount of business transacted, and other similar factors which might distin-

> guish whether a service has actually been "rendered in commerce."

*Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001); *see also New West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1200 (9th Cir. 1979) (holding that "mere advertising by itself" does not necessarily establish use in commerce).

According to the "territoriality principle," the use of the mark must, in most circumstances, occur within the United States. "The territoriality principle says that '[p]riority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world.'" *Grupo Gigante*, 391 F.3d at 1093 (quoting J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 29:2 (4th ed. 2002)); *see also Mother's Rests. Inc. v. Mother's Other Kitchen, Inc.*, 218 U.S.P.Q. 1046, 1048 (T.T.A.B. 1983) ("[I]t is our view that prior use and advertising of a mark in connection with goods or services marketed in a foreign country (whether said advertising occurs inside or outside the United States) creates no priority rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods or services in the United States prior to the foreigner's first use of the mark on goods or services sold and/or offered in the United States ").

Although Hana Financial claims to have used its mark in commerce as early as May 1994 when Sunnie Kim met with potential customers, the Court concludes that those uses of the mark were insufficient as a matter of law to constitute use of the mark under the totality of the circumstances test prior to April 1995 when Hana Financial completed its first

transaction with a customer. Specifically, there is no evidence that those activities were sufficiently public or a commercially reasonable attempt to market Hana Financial's services. Indeed, there is no evidence concerning the number of potential customers Sunnie Kim talked to, or that Hana Financial was in a position to offer services to those customers at a time before the company had even been incorporated.

Hana Bank, on the other hand, ran an advertisement containing the mark in July 1994. That advertisement generated inquiries from consumers in the targeted community. Hana Bank began accepting memberships in its Hana Overseas Club beginning in November 1994 and has engaged in significant ongoing commercial activity using the mark since that time. Hana Financial argues that to the extent Hana Bank used its mark in commerce prior to April 1995, Hana Bank did so in Korea. According to Hana Financial, pursuant to the territoriality principle, those activities could not give Hana Bank's mark priority. The Court disagrees. Although Hana Bank's services may have been performed by employees located in Korea, those services were rendered at the request and on behalf of its customers located in the United States and Hana Bank's customers benefitted from those services while they were in the United States. The Court therefore concludes that Hana Bank used its mark "in commerce" within the United States such that the territoriality principle does not defeat its priority in the mark. *See* 15 U.S.C. § 1127 (defining "use in commerce" to include services "rendered in more than one State *or in the United States and a foreign country* and the person rendering the services is engaged in commerce in connection with the services" (emphasis added)).

As the senior user of the mark, Hana Bank cannot be liable for infringing Hana Financial's mark. Because each of Hana Financial's claims are premised on a claim of infringement, all of Hana Financial's claims fail. *See CreAgri, Inc. v. USANA Health Sciences, Inc.*, 474 F.3d 626, 630 n.8 (9th Cir. 2007) (holding that the success of a plaintiff's unfair competition and related claims "rises or falls with its success on its trademark infringement claims."); *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1988); *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 916 (9th Cir. 1980) ("[F]ederal and state laws regarding trademarks and related claims of unfair competition are substantially congruent."). The Court therefore grants Hana Bank's Motion for Summary Judgment. Hana Financial's Motion for Summary Judgment on Infringement and Motion for Summary Judgment on Defendants' Affirmative Defenses are denied as moot.

B. Hana Bank's Counterclaim

Hana Bank's Counterclaim seeks cancellation of Hana Financial's registration of its mark. According to Hana Bank, Hana Financial procured its mark through fraud because although it knew of Hana Bank's superior rights in the mark at the time it applied for registration, Hana Financial knowingly and falsely certified that nobody else had such superior rights. "Fraud in procurement of a trademark registration may be raised as a ground for cancellation in civil litigation, in which case it may function as a 'defensel to a claim of trademark infringement." *eCash Techs., Inc. v. Guagliardo*, 127 F. Supp. 2d 1069, 1079 (C.D. Cal. 2000). The defense is disfavored, however, and carries a heavy burden of proof.

*Robi v. Five Platters, Inc.*, 918 F.2d 1439, 1444 (9th Cir. 1990); *eCash*, 127 F. Supp. 2d at 1079; *see also* J. Thomas McCarthy, *McCarthy on Trademarks &Unfair Competition* § 31:68 (2007).

Such fraud "occurs when an applicant knowingly makes false, material representations of fact in connection with an application." *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006) (internal quotation marks omitted). Specifically, a claim of fraud in a trademark application oath requires proof of four elements:

> To withstand a motion to dismiss, a plaintiff claiming that the declaration or oath in the defendant's application for registration was executed fraudulently, in that there was another use of the same or a confusingly similar mark at the time the oath was signed must allege particular facts which, if proven, would establish that: (1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to applicant's; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and that (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, intended to procure a registration to which it was not entitled.

*Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1206 (T.T.A.B. 1997); *see also Aureflam Corp. v. Pho Hoa Phat I, Inc.*, No. C05-

00746-RS, 2005 WL 2253813, at *2 (N.D. Cal. Sept. 16, 2005).

In granting Hana Bank's Motion for Summary Judgment, the Court has determined that Hana Bank in fact had "legal rights superior to" Hana Financial's rights. As a result, Hana Bank satisfies the second *Intellimedia* factor. Even assuming that the Hana Financial and Hana Bank marks are confusingly similar, the Court concludes that Hana Bank has failed to create a genuine issue of material fact with respect to the third *Intellimedia* factor. The third element of the *Intellimedia* test requires that the "applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise " *Intellimedia*, 43 U.S.P.Q.2d at 1206. Because the trademark application oath is "phrased in terms of a subjective belief," it is "extremely difficult to prove fraud so long as the signer has an honestly held, good faith belief that it is the senior right holder. *Woodstock's Enters. Inc. (Cal.) v. Woodstock's Enters. Inc. (Or.)*, 43 U.S.P.Q.2d 1440, 1444 (T.T.A.B. 1997). Mere knowledge of another's actual use of the mark is insufficient to constitute fraud. *Quicksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006). It is the rights that must be clearly established, not just the use of the mark. *eCash*, 127 F. Supp. 2d at 1080-81.

In *Intellimedia*, the Trademark Trial and Appeal Board highlighted the difficult burden faced by the party attempting to prove that an applicant fraudulently obtained a registration based on a claim that the applicant knew that another party had superior rights in a mark:

> [I]f the other person's rights in the mark, vis-a-vis the applicant's rights, are not known by applicant to be superior or clearly established, e.g., by court decree or prior agreement of the parties, then the applicant has a reasonable basis for believing that no one else has the right to use the mark in commerce, and the applicant's averment of that reasonable belief in its application declaration or oath is not fraudulent.

*Intellimedia*, 43 U.S.P.Q.2d at 1207.

To prove Charles Kim's knowledge of Hana Bank's superior rights at the time he signed Hana Financial's application for registration, Hana Bank relies on the history of dealings between Hana Financial's founders and Hana Bank in the early 1990s and the 1995 meeting between Charles Kim and Seung-Yu Kim. The Court concludes that none of these events creates even a triable issue of fact that Charles Kim knowingly signed the registration application with the requisite knowledge and fraudulent intent. Hana Bank fails to establish that the dealings between Hana Bank and California Center Bank in the early 1990s involved the use of Hana Bank's mark in commerce in the United States sufficient to constitute Hana Bank's superior rights in the mark at that time, let alone Charles Kim's knowledge of any such superiority.

Similarly, Seung-Yu Kim's testimony concerning his 1995 meeting with Charles Kim, during which the two discussed Hana Financial's mark and Hana Bank's plans for expansion into the United States, fails to establish a triable issue of fact with respect to Charles Kim's knowledge of the superiority of Hana Bank's rights. Importantly, according to Seung-Yu

Kim's deposition, the conversation between the two involved a discussion of whether Hana Financial's mark would cause problems for Hana Bank in the future. *See* Deposition of Seung-Yu Kim, p. 54, ll. 14-19 ("[H]e further added that to my protest, while he was using the name Hana for his business, he said because he was going to be focusing on factoring, [it] would not create any problem even when Hana Bank launch its business in the United States."); id., p. 55, 11. 4-9 ("[H]e said he used the name because the — 'Hana,' the name, is just a wonderful name to use, and also because he was going to be only focusing on factoring but not in [the] banking business. It would not create any problems in the future."). Seung-Yu Kim's testimony simply does not provide any evidence that Charles Kim knew of Hana Bank's superior rights to use the mark in the United States when he signed the registration application. To the contrary, because that testimony focused on Hana Bank's future plans with respect to expansion in the United States, it is not evidence of either Hana Bank's superior rights or Charles Kim's knowledge of such rights. Moreover, the discussions between Charles Kim and Seung-Yu Kim fall well short of the type of evidence that is usually necessary to establish a fraudulent registration application. *See Intellimedia*, 43 U.S.P.Q.2d at 1207 (mentioning court decrees and agreements of the parties as the type of evidence that would support a finding that an application was procured fraudulently).

Because Hana Bank has failed to create a triable issue of fact concerning the third *Intellimedia* factor, Hana Bank's Counterclaim for cancellation of a fraudulently obtained registration must fail. The Court therefore grants Hana Financial's Motion for Summary Judgment on Defendants' Counterclaim.

## CONCLUSION

For all of the foregoing reasons, the Court grants Hana Bank's Motion for Summary Judgment (Docket Nos. 75 and 92) and Hana Financial's Motion for Summary Judgment on Defendants' Counterclaim (Docket No. 77). The Court denies Hana Financial's Motion for Summary Judgment on Infringement and Motion for Summary Judgment on Defendants' Affirmative Defenses (Docket Nos. 81 and 83) as moot. The Court will enter a Judgment consistent with this Order.

IT IS SO ORDERED

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
HANA FINANCIAL, INC.
Plaintiff,
v.
HANA BANK and HANA FINANCIAL GROUP
Defendants.

No. CV 07-1534 PA (JWJx)

JUDGMENT
AND COUNTERCLAIM

In accordance with the Court's January 7, 2008 Minute Order granting summary judgment in favor of defendants Hana Bank and Hana Financial Group (collectively "Hana Bank") on the Complaint filed by plaintiff Hana Financial, Inc. ("Hana Financial") and in favor of Hana Financial on the Counterclaim filed by Hana Bank,

It is therefore now ORDERED, ADJUDGED, and DECREED that judgment is entered in this action as follows:

1. Hana Financial shall recover nothing from Hana Bank on Hana Financial's claims;

2. Hana Bank shall have judgment in its favor on Hana Financial's claims;

3. Hana Bank shall recover nothing from Hana Financial on Hana Bank's counterclaim;

4. Hana Financial shall have judgment in its favor on Hana Bank's counterclaim; and

5. Each party shall bear its own costs of suit.

The Clerk is ordered to enter this Judgment.

DATED: January 8, 2008

/s/
Percy Anderson
UNITED STATES DISTRICT JUDGE

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff-counter-defendant -
Appellant,
v.
HANA BANK, a Korean corporation and
HANA FINANCIAL GROUP,
a Korean corporation,
Defendants-counter-claimants Appellees.

No. 08-55243
D.C. No. CV-07-01534-PA
MEMORANDUM*

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff-counter-defendant
Appellee,
v.
HANA BANK, a Korean corporation and
HANA FINANCIAL GROUP,
a Korean corporation,
Defendants-counter-claimants - Appellants.

No. 08-55244
D.C. No. CV-07-01534-PA

*This disposition is not appropriate for publication and is not precedent except as provided by 9th Cir. R. 36-3.

Appeal from the United States District Court
for the Central District of California
Percy Anderson, District Judge, Presiding

Argued October 7, 2009
Resubmitted October 4, 2010
Pasadena, California

Before: PREGERSON, REINHARDT and
WARDLAW, Circuit Judges.

Hana Financial, Inc. ("Hana Financial") appeals the district court's grant of summary judgment in favor of a family of companies also bearing the "Hana" name, Hana Financial Group and Hana Bank ("Hana Bank"), on its trademark infringement claim, based on its finding that Hana Bank established priority of use over the "Hana" mark. Hana Bank cross-appeals the grant of summary judgment in favor of Hana Financial on its counterclaim alleging that Hana Financial fraudulently procured a registration of the "Hana" mark. We have jurisdiction pursuant to 28 U.S.C. § 1291, and we affirm in part and reverse in part.

## I.

The district court improperly granted summary judgment in favor of Hana Bank. *Nissan Fire & Marine Ins. Co. v. Fritz Companies, Inc.*, 210 F.3d 1099, 1105 (9th Cir. 2000). To establish priority of use, Hana Bank was required to demonstrate that it continuously used the mark in commerce prior to Hana Financial's use of the mark. *See Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001).

Hana Financial's use of the "Hana" mark in commerce dates back to April 1, 1995. Hana Bank alleges that is has priority of use over the "Hana" mark

because it began using the mark in 1994. Hana Bank relies upon an advertisement, dated July 14, 1994, in which it used the mark. While relevant, the advertisement does not, standing alone, establish "first use" for purposes of our priority analysis. *See New W. Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1200 (9th Cir. 1979) ("[M]ere advertising by itself may not establish priority of use ").

Recognizing that the advertisement itself was insufficient, Hana Bank attempted to meet its burden to show that the "Hana" mark was sufficiently used in United States commerce by presenting customer applications, newsletters bearing the "Hana" mark, and documents that purport to show that services were available to its Hana Overseas Club members in July 1994 and the amount of business these customers transacted over the years. Although this evidence is relevant to the determination of whether Hana Bank's use of the "Hana" mark in 1994 was sufficient to establish commercial use in the United States, it is either subject to competing inferences or inadmissible. For example, Hana Bank only provided one customer application from a customer in the United States that is dated before Hana Financial's registration date. That application, however, is subject to the inference that the customer actually resided in Korea. Further, Hana Bank failed to provide the proper foundation for admission of many of its supporting documents as business records. Accordingly, these documents constitute inadmissible hearsay and may not be relied on at summary judgment. *See* Fed. R. Evid. 803(6); *Sea-Land Serv., Inc. v. Lozen Intern.*, 285 F.3d 808, 819-20 (9th Cir. 2002).

After disregarding the inadmissible documents and the portions of the declarations referring to

those documents and viewing the remaining evidence in the light most favorable to Hana Financial, *see Evanston Ins. Co. v. OEA, Inc.*, 566 F.3d 915, 918-19 (9th Cir. 2009), we hold that genuine issues of material fact remain. These issues include the number of customers Hana Bank had in the United States, when Hana Bank began providing services to those customers, and how much business these customers transacted over the years. *See Teletrac*, 242 F.3d at 1159 (finding that the relevant factors for determining whether a mark has been sufficiently used in commerce include "the genuineness and commercial character" of the activity, "the degree of ongoing activity" using the mark, and "the amount of business transacted"). Nor can Hana Bank meet its burden to show the absence of any triable issue on these points by reference to the general, uncorroborated statements contained in many of its declarations. *Cf. Dubois v. Ass'n of Apartment Owners of 2987 Kalakaua*, 453 F.3d 1175, 1180 (9th Cir. 2006). Accordingly, we conclude that, on this record, Hana Bank has failed to establish its priority over use of the "Hana" mark as a matter of law and we remand for trial.

## II.

The district court properly granted summary judgment in favor of Hana Financial as to Hana Bank's counterclaim for fraudulent procurement. Hana Bank's counterclaim against Hana Financial alleges that Hana Financial acquired its registration of the "Hana" service mark fraudulently, as Hana Financial knew of Hana Bank's superior trademark rights. The district court concluded that Hana Bank failed to raise a triable issue that Hana Financial's founders signed the registration application with the

requisite knowledge and fraudulent intent. We agree.

Hana Bank introduced evidence showing that Hana Financial's founders were aware of Hana Bank and its use of "Hana." However, Hana Financial's mere knowledge of a competing use of the mark is insufficient to establish the requisite fraudulent intent. *See Quicksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006). Rather, knowledge of another's "superior or clearly established right" is required, and here, Hana Bank has failed to proffer any evidence from which it can be inferred that Hana Financial knew or believed that Hana Bank had a superior right to the use of the "Hana" mark in United States commerce. *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1206–07 (T.T.A.B. 1997). Accordingly, we affirm the district court's grant of summary judgment to Hana Financial.

The parties will bear their own costs on appeal.

**AFFIRMED in part, REVERSED in part.**

Hana Financial, Inc. v. Hana Bank, et al. 08-55243/08-55244

Reinhardt, Circuit Judge, concurring in part and dissenting in part

I concur in the majority's affirmance of the grant of summary judgment to Hana Financial with respect to Hana Bank's counter-claim for fraudulent registration of the mark "Hana." I agree that the record does not reflect a genuine issue of fact as to Hana Financial's requisite knowledge and fraudulent intent.

I dissent from the majority's reversal of summary judgment in favor of Hana Bank on Hana Financial's claim for infringement of the mark. I disagree with the majority that Hana Bank has failed to adduce sufficient admissible evidence to establish its priority of use of the mark.

[excerpt]

Disputed Proposed Jury Instructions

HFI'S PROPOSED INSTRUCTION

TACKING

A trademark owner may claim priority in a mark based on the first use date of a similar, but technically distinct, mark by "tacking" on the use of the first mark to the second. For there to be tacking, the marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked.

[One Industries v. Jim O'Neal Distributing, 578 F.3d 1154, 1161 (9th Cir. 2009); Brookfield Communications v. West Coast Entertainment, 174 F 3d 1036, 1048 (9th Cir. 1999]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff,
v.
HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP, a Korean corporation
Defendants.

Case No. CV07-1534PA(JWJx)(csb)
*The Hon. Percy Anderson*

# PLAINTIFF HANA FINANCIAL, INC'S MOTION IN LIMINE NUMBER 3 TO EXCLUDE EVIDENCE RELATING TO THE DEFENDANTS' HANA OVERSEAS KOREAN CLUB PRODUCT

TO THE HONORABLE COURT AND TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE THAT on May 9, 2011, at 1:30 p.m., or as soon thereafter as the matter may be heard in Courtroom No. 15 of the above-entitled Court, located at 312 North Spring Street, Los Angeles, California 90012, Plaintiff Hana Financial, Inc. ("Hana Financial") will hereby move this Court for an Order to excluding evidence relating to the defendants' HANA OVERSEAS KOREAN CLUB product.

This Motion is made under the provisions of Federal Rules of Evidence 401, 402, and 403, and is based on this Notice, the attached Joint Memoran-

dum of Points and Authorities, the records and pleadings on file, and on such other evidence and argument as may be presented at the hearing of this Motion.

This motion is made following the conference of counsel pursuant to Local Rule 7-3, which took place on March 24, 2011.

**JOINT MEMORANDUM OF POINTS AND AUTHORITIES PLAINTIFF'S MOTION**

Plaintiff Hana Financial, Inc. alleges that the defendants are infringing its registered trademark HANA FINANCIAL by using the mark HANA BANK in connection with their banking services. *See*, Hana Financial's Complaint at p. 4, lines 24-25 ("Hana Bank did not begin using the name `HANA BANK' in the United States until December 2002") and page 14, lines 12-16 ("Hana Financial prays for judgment [that the defendants be enjoined] from using the mark "HANA BANK") [Docket No. 1]. In its case in chief, Hana Financial's trademark registration alone will establish trademark validity, ownership, exclusivity, and a first date of use in commerce of April 1, 1995. *See, Ninth Circuit Model Civil Jury Instruction* 15.7. In their defense, Defendant Hana Bank will counter that it is the senior user. As part of its evidence, it will seek to introduce documentary evidence that it used the mark HANA OVERSEAS KOREAN CLUB prior to April 1, 1995. Evidence concerning the HANA OVERSEAS KOREAN CLUB should be excluded because well-settled trademark law only allows the "tacking" of virtually identical trademarks. Such evidence is irrelevant and will serve only to confuse the issues and unnecessarily prolong the trial. Fed.R.Evid. 401, 402 and 403.

The use of two marks may be linked, for purposes of seniority, only when those marks are virtually identical and create the same overall commercial impression. *One Industries v. Jim O'Neal Distributing*, 578 F.3d 1154, 1161 (9th Cir. 2009); *Brookfield Communications v. West Coast Entertainment*, 174 F. 3d 1036, 1047-48 (9th Cir. 1999); *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). In other words, the marks must be legal equivalents. *Id* The marks HANA BANK and HANA OVERSEAS KOREAN CLUB fall far short from meeting that test. For purposes of continuity, two marks may be linked or tacked only where they "create the same commercial impression, and the later mark must not be materially different from or alter the character of the earlier mark." *Brookfield*, 174 F.3d at 1048; *Van Dyne-Crotty*, 926 F.2d at 1159. This constitutes a higher standard than the "likelihood of confusion test" for trademark infringement. *Id.* "[F]or the purposes of 'tacking,' even if the two marks are confusingly similar, they still may not be legal equivalents." *Id.* Due to this high standard, tacking should be permitted "*only in rare circumstances.*" *Van Dyne-Crotty* at 1160 (italics added); *see also Brookfield*, 174 F.3d at 1047-48 and *Pro-Cuts v. Schilz-Prize Enters., Inc.*, 27 U.S.P.Q.2d 1224 (T.T.A.B. 1993). Hana Bank's alleged use of the composite mark HANA OVERSEAS KOREAN CLUB is legally irrelevant to the issue of seniority because for trademark purposes, it is entirely different from the mark HANA BANK. *See, e.g., Brookfield*, 174 F.3d at 1048 ("moviebuff.com" ≠ "The Movie Buff's Movie Store"); *Quiksilver, Inc. v. Kymsta Corp.*, 466 F. 3d 749, 763 (9th Cir. 2006) ("QUIKSILVER ROXY" ≠ "ROXY"); *Van Dyne-Crotty*, 926 F.2d 1156 ("Clothes that Work" ≠ "Clothes that Work for the Work You

do"); *Pro-Cuts v. Schilz-Prize Enters., Inc.*, 27 U.S.P.Q.2d 1224 (T.T.A.B. 1993) ("PRO-KUT" ≠ "PRO-CUTS"); *American Paging Inc. v. American Mobilphone Inc.*, 13 U.S.P.Q.2d 2036 (T.T.A.B. 1989) ("AMERICAN MOBILPHONE PAGING" ≠ "AMERICAN MOBILPHONE"); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir.1998) ("DCI" ≠ "dci"); *O-M Bread, Inc. v. United States Olympic Committee*, 65 F.3d 933, 938 (Fed. Cir. 1995) ("OLYMPIC" ≠ "OLYMPIC KIDS"); *ILCO Corp. v. Ideal Security Hardware Corp.*, 527 F.2d 1221, 1225 (C.C.P.A. 1976) ("HOME PROTECTION CENTER" ≠ "HOME PROTECTION HARDWARE"). Defendants clearly cannot link their mark HANA OVERSEAS KOREAN CLUB to their later use of the mark HANA BANK, which is the mark at issue here. Manifestly, the mark HANA OVERSEAS KOREAN CLUB does not convey the same commercial impression as, and differs materially from, the mark HANA BANK. For one, when viewed in their entirety the marks are clearly different. Furthermore, the mark HANA OVERSEAS KOREAN CLUB conveys the limited impression of an exclusive social organization for Kore . expatriates, whereas the mark HANA BANK suggests something completely different. Instead, HANA BANK suggests an establishment that receives, keeps, and lends money. Moreover, the defendants use HANA BANK to designate banking services, while HANA OVERSEAS KOREAN CLUB was advertised as a product for management of the customers' Korean assets to be conducted by HANA BANK in Korea.

Aside from the fact that no reasonable person could possibly agree that HANA BANK and HANA OVERSEAS KOREAN CLUB convey the same commercial impression and are not materially different,

the defendants cannot tack here because the defendants abandoned the mark HANA OVERSEAS KOREAN CLUB in or about 1999 or 2000 and have not used the mark since. *See, Ninth Circuit Model Civil Jury Instructions* 15.20. It was not until December of 2002 that the defendants first adopted the HANA BANK mark in the United States.

Because it is irrelevant to the issues in this case and to avoid jury confusion and waste of trial time, this Court should exclude exhibits relating to the defendants Hana Overseas Korean Club product. Fed.R.Evid. 401, 402, and 403. This includes the following exhibits: (1) Purported newspaper advertisements (Defendants' Exhs. 30, 74, 3018 to 3022, 3025, 3026); (2) purported Hana Overseas Korean Club applications (Defendants' Exhs. 38 to 61, 3030 to 3048); and (3) internal memoranda regarding the Hana Overseas Korean Club (Defendants' Exhs. 33 to 37, 63, 66). This Court should also exclude any testimony as concerns the defendants' Hana Overseas Korean Club product.

## I. HANA BANK'S OPPOSITION

### A. INTRODUCTION

This is not a case about "tacking." As Plaintiff's own Complaint makes clear, it is a case about the use of the basic **HANA** mark as a brand name that has been attached to various types of financial services in the U.S. – first by Defendant Hana Bank, and later in time by Plaintiff Hana Financial, Inc. ("Plaintiff"). The proper analysis in this case is to simply compare Hana Bank's use of the **HANA** mark with Plaintiff's use of the **HANA** mark to determine who is the senior user. The legal issue is the use of

the **HANA** name – nothing more, nothing less. Hana Bank simply intends to use evidence of its Hana Overseas Korean Club advertising and business activity to demonstrate use of the **HANA** mark in fulfillment of the "totality of the circumstances" analysis the Court must undertake under *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001) for determining whether Hana Bank used the **HANA** name in commerce in the United States, and further for establishing that said use of the **HANA** name by Hana Bank under *Teletrac* was senior to Plaintiff's.

Plaintiff's motion in limine therefore attempts to defeat a "straw man" tacking argument. Hana Bank is not attempting to engage in tacking (*i.e.*, claiming priority in one mark based on use of a different but virtually identical mark) by introducing evidence of its use of the **HANA** name as part of its Hana Overseas Korean Club business activities. *See Brookfield Communications v. West Coast Entertainment*, 174 F.3d 1036, 1047-48 (9th Cir. 1999) (discussing tacking standards). It is simply demonstrating the context in which its use of the **HANA** name first gained priority over Plaintiff's use of the **HANA** name in the U.S.

Plaintiff's motion in limine also violates the order of the Court directing the parties to refrain from attempting to use motions in limine as disguised vehicles for summary judgment. [Dkt. 215, 2-15-08 Civil Trial Order, p. 2.] Plaintiff's motion in limine essentially attempts to prevent Hana Bank from introducing any evidence of its prior, senior use of the **HANA** mark. It is therefore an attempt to keep the main issues of material fact in dispute from reaching the jury, thereby prejudicing Hana Bank's defense. This motion in limine should be denied so that the case may be decided *on the evidence.*

## B. THE TACKING DOCTRINE DOES NOT APPLY TO THIS CASE

Plaintiffs motion in limine frames the main issue in this case in a manner that has no support in its own Complaint, this Court's prior orders, the Ninth Circuit's decision pertaining to this case, or trademark law in general.

Plaintiff first asserts that the issue in this case is whether Hana Bank's use of the **HANA BANK** mark infringes Plaintiff's **HANA FINANCIAL** mark. It then attempts to convince the Court that this case is actually about comparing Hana Bank's purported composite mark of **HANA OVERSEAS KOREAN CLUB** to the **HANA BANK** mark to determine if they are "legal equivalents" (or are virtually identical) for purposes of establishing priority of use (*i.e.*, "tacking"), before even engaging in the infringement analysis of comparing the mark to Plaintiff's. If the purported composite mark **HANA OVERSEAS KOREAN CLUB** and the **HANA BANK** mark are not legal equivalents, Plaintiff argues all evidence pertaining to the purported **HANA OVERSEAS KOREAN CLUB** mark should be excluded. Of course, Plaintiff concludes that **HANA OVERSEAS KOREAN CLUB** is not legally equivalent to **HANA BANK**, and posits that all evidence pertaining to the purported **HANA OVERSEAS KOREAN CLUB** mark should be excluded. Much as Plaintiff would like to change the playing field at this late juncture by making that inquiry the focus of this case, it is plainly not the proper analysis.

Plaintiff cannot hide from its own pleading. Plaintiff's Complaint expressly bases its allegations on the "right to use the 'HANA' name in connection with financial services in the United States." [Dkt. 1,

¶ 24.] Not **HANA BANK**. Not **HANA OVERSEAS KOREAN CLUB**. Simply **HANA**. That is the issue: who has the right to use the simple name and mark **HANA**? In fact, the allegations of Plaintiff's own Complaint overwhelmingly make clear that Plaintiff understands this case centers on who has priority of use of the **HANA** name in the U.S. in connection with financial services, and nothing else. [*See* Dkt. 1, ¶¶ 24-25, 34 ("Hana Bank's use of the name "HANA" in connection with financial services was intentional in that Hana Bank knew that the name used by it is confusingly similar to Hana Financial's mark."), 35, 37, 48-49, 51, 61-62, and 73-74.]

Moreover, this Court previously recognized in its summary judgment order that this action and Plaintiff's claims are simply about the use of the **HANA** name: "Hana Financial asserts that Hana Bank infringes its servicemark by using the 'HANA' name to market and sell financial services, thereby confusing the public and improperly suggesting an affiliation between Hana Financial and Hana Bank." (Dkt. 159, p. 1 of 8.)

The Ninth Circuit opinion is the same, repeatedly framing the central issue in the case as whether Hana Bank has established priority of use of the **HANA** mark in the United States. [Dkt. 210, Ninth Circuit Opinion at pp. 1-3.] The Ninth Circuit's decision is further compelling evidence of the fact that what is truly at stake is whether Hana Bank can demonstrate it used the name **HANA** in any number of various ways to advertise and sell financial services in the U.S. before Plaintiff did. There is absolutely no reason to focus on **HANA OVERSEAS KOREAN CLUB** as a purported composite mark in which Hana Bank must show independent rights.

Accordingly, the cases cited by Plaintiff for the proposition that Hana Bank cannot meet the tacking standard of showing its purported **HANA OVERSEAS KOREAN CLUB** composite mark is the legal equivalent of and is virtually identical to the **HANA BANK** mark are simply inapposite. Hana Bank does not need to show that **HANA OVERSEAS KOREAN CLUB** and **HANA BANK** are virtually identical. It simply needs – and should be allowed – to show its use of the name **HANA** in whatever contexts it appeared in connection with financial services prior to Plaintiff's use of the **HANA** name. Such evidence is appropriate for informing the Court's necessary inquiry under *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001) into the totality of the circumstances as to whether the ways in which Hana Bank used the **HANA** name amount to sufficient use in commerce in the U.S. for purposes of establishing priority.

Plaintiff's motion in limine does not even mention the crucial *Teletrac* analysis. Plaintiff does not want the Court to undertake that analysis because the Court previously granted summary judgment for Hana Bank based on seniority of use in the U.S. of the name **HANA** after conducting its *Teletrac* analysis. [Dkt. 159, pp. 1-5 of 8.] The Court should not be fooled by Plaintiff's shell game regarding inapplicable tacking. *Teletrac* remains the proper analysis.

To put it succinctly, **HANA** is Hana Bank's brand name and the foundational mark to which it can claim foreign priority under 15 U.S.C. Section 1126(a). It is the name **HANA** that has always provided the source-identifying function for Hana Bank – not the additional terms "**BANK**" or "**OVERSEAS KOREAN CLUB**." The name **HANA** is Hana Bank's

service mark, which Hana Bank simply used in combination with many other terms for the purpose of identifying its various kinds of financial services. It is therefore appropriate to receive evidence of every use by Hana Bank of the name **HANA** by itself or in conjunction with any other words, terms, or marks in order to establish whether it has priority of use rights in the United States. *See Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001). And indeed, much of the evidence that Hana Bank has to present refers to **HANA** Bank in association with Hana Overseas Korean Club services. That evidence should be admitted, not excluded from review as Plaintiff argues, as it is highly relevant. *See* Federal Rules of Evidence "FRE") 401-402. Quite apart from prejudicing Plaintiff, it would severely and unfairly prejudice Hana Bank if key evidence of its use of the **HANA** name that it is entitled to introduce under *Teletrac* were excluded on the eve of trial based on a faulty application of the tacking doctrine. *See* FRE 403.

### C. PLAINTIFF MOTION IN LIMINE IS A DISGUISED MOTION FOR SUMMARY JUDGMENT TO PRECLUDE HANA BANK FROM ARGUING PRIORITY

This Court ordered the parties to refrain from using motions in limine as motions for summary judgment in disguise. [Dkt. 215, 2-15-08 Civil Trial Order, p. 2.] Plaintiff's motion flouts that instruction. Its motion in limine to exclude all evidence of Hana Bank's use of the **HANA** name in connection with Hana Overseas Korean Club services would effectively grant summary judgment to Plaintiff by preventing Hana Bank from introducing evidence of its priority in the **HANA** mark. As has been demonstrated

numerous times in this action, Hana Bank first used the **HANA** mark in commerce in the U.S. no later than July 14, 1994, as part of its initial advertising campaign for the Hana Overseas Korean Club. [Dkt. 159, p. 2 of 8.] That use in commerce is far prior to Plaintiff's claimed first use date of April 1, 1995. After pleading and admitting throughout its Complaint that the issue is whether and when Hana Bank first used the **HANA** name and whether its use infringes Plaintiff's **HANA FINANCIAL** service mark, Plaintiff is now attempting to claim that Hana Bank is tacking from a purported **HANA OVERSEAS KOREAN CLUB** mark as a maneuver to exclude the compelling evidence of Hana Bank's prior use in the United States of the **HANA** name. Plaintiff's tactic should be dismissed as a transparent ploy to prejudice Hana Bank and a violation of this Court's direction to refrain from bringing motions in limine that attempt to be case-dispositive.

D. Conclusion

For the reasons set forth above, this Court should not exclude any of the evidence Plaintiff seeks to have excluded that pertains to Hana Overseas Korean Club services. Hana Bank should be allowed to introduce all such evidence as proof under the totality of the circumstances test of *Teletrac* that Hana Bank is indeed the senior user of the **HANA** name and mark in connection with financial services in the U.S.

## PLAINTIFF HANA FINANCIAL'S REPLY

The defendants' opposition is more important for what it does not say than for what it says. The defendants do not dispute that they cannot "tack" al-

leged prior use of HANA OVERSEAS KOREAN CLUB to later use of HANA BANK. Recognizing this, the defendants instead contend – without citing a single legal authority to support their argument – that Hana Financial is somehow barred from raising the issue. The defendants' unsupported contention is specious. Similarly, the defendants' "totality of circumstances" argument is baseless because the defendants have not proposed a jury instruction on that issue. In any event, none of the HANA OVERSEAS KOREAN CLUB materials bear the HANA BANK mark, so they are irrelevant to the issue of priority under any circumstances. Likewise, the defendants' contention that this motion in limine is a disguised summary judgment motion is meritless. The defendants admit in their opposition that, if the HANA OVERSEAS KOREAN CLUB evidence is excluded (as it should be), they have other arguments and evidence with which to put on a priority defense. Therefore, this Court should exclude the evidence relating to the HANA OVERSEAS KOREAN CLUB.

A. <u>"Tacking" is an Issue in this Case.</u>

The Complaint plainly puts the entire HANA BANK mark into issue in this litigation. *E.g.*, Complaint at p. 4, lines 24-25 ("Hana Bank did not begin using ***the name 'HANA BANK'*** in the United States until December 2002"); page 6, line 15 ("Hana Bank has used a ***confusingly similar name***"); page 6, line 18 ("Hana Bank's ***confusingly similar name***"), page 8, lines 22-25 ("***Hana Bank's name*** is confusingly similar in appearance, sound and/or meaning to Hana Financial's federally registered mark"); page 12, lines 24-25 ("Hana Bank has refused to cease using ***the mark Hana Bank*** in connection with financial services."); page 14, lines 12-16 ("Hana Financial

prays for judgment [that the defendants be enjoined] from using ***the mark "HANA BANK"***"); and, page 14, lines 20-21 ("from engaging in unfair competition by advertising, promoting, marketing, selling or offering for sale their services or otherwise ***using 'HANA BANK'***"). [Docket No. 1 (emphasis supplied).] The defendants have not cited a single statute, rule or case authority to support their specious assertion that, because the complaint in some places uses "HANA" as shorthand for "HANA BANK", Hana Financial cannot argue that HANA OVERSEAS KOREAN CLUB is different from HANA BANK. The simple reason for this is that the law in no way supports their baseless contention. The complaint very clearly sets out the allegations that the mark HANA BANK infringes Hana Financial's trademark rights because it is "confusingly similar" to the mark HANA FINANCIAL.

In any event, even if the defendants' incorrect interpretation of the complaint were somehow true, it would still not matter here. To the contrary, the Federal Rules of Civil Procedure were specifically adopted to "ensure that pleadings would facilitate a decision on the merits." *Trotter v. Jack Anderson Enterprises, Inc.*, 818 F. 2d 431, 436 (5th Cir. 1987). The rules "reject the approach that pleading is a game of skill in which one misstep by counsel may be decisive to the outcome." *Id.* (quoting *Conley v. Gibson*, 355 U.S. 41, 48, 78 S.Ct. 99, 103, 2 L.Ed.2d 80 (1957)); *accord, Self Directed Placement Corp. v. Control Data Corp.*, 908 F. 2d 462, 466 (9th Cir. 1990); *see, also, Jacobson v. Hughes Aircraft Co.*, 105 F. 3d 1288, 1302 (9th Cir. 1997) ("all inferences [in the complaint] must be drawn in favor of the plaintiff"); Fed.R.Civ.P. 8(e) ("Pleadings must be construed so as to do justice."); *Fontana v. Haskin*, 262 F. 3d 871, 877

(9th Cir. 2001) ("to hold that Fontana did not expressly address Haskin's sexual advances in her first cause of action would be inconsistent with the requirement that we construe pleadings 'as to do substantial justice.'").

Furthermore, the discovery in this matter has been largely directed to the HANA BANK mark, not just a HANA mark. *See, e.g.*, Hana Bank's Response to Hana Financial, Inc.'s First Set of Requests for Admission, pages 3-16 [Exh. 1 hereto]. In fact, the defendants have admitted in response to a request for admission "that the term **HANA BANK** is a composite mark, so must be considered in its entirety." Exh. 1, page 9, lines 20-21. The matter admitted by the defendants "is conclusively established" for purposes of this litigation. Fed.R.Civ.Proc. 36. For this additional reason, the HANA BANK mark must be considered in its "entirety", not just one part at a time. *See, California Cooler v. Loretto Winery, Ltd.*, 774 F. 2d 1451 1445 (9th Cir. 1985) (trademark must be viewed "as a whole"); *Official Airline Guides, Inc. v. Goss*, 6 F. 3d 1385, 1392 (9th Cir. 1993) (same).

The fact that Hana Financial did not raise the tacking issue with respect to the prior summary judgment motion and in its Ninth Circuit briefing is of no moment and the defendants have cited no case authority indicating that it is. The inability of the defendants to find any law to support their argument is understandable – there is none. Any implicit finding in the earlier summary judgment decision does not control this case because the summary judgment was vacated by the Ninth Circuit Court of Appeals. Statements in the Ninth Circuit decision are not law of the case because the Ninth Circuit made no decision with respect to the tacking issue. Rather, it va-

cated the summary judgment on other grounds. "For the [law of the case] doctrine to apply, the issue in question must have been 'decided explicitly or by necessary implication in [the] previous disposition.'" *Milgard Tempering, Inc. v. Selas Corp. of America*, 902 F 2d 703, 715 (9th Cir. 1990). "A significant corollary to the doctrine is that dicta have no preclusive effect." *Id.*

For these reasons, "tacking" is an issue in this case and the evidence relating to the HANA OVERSEAS KOREAN CLUB should be excluded. The defendants do not even dispute that alleged prior use of HANA OVERSEAS KOREAN CLUB cannot be tacked onto later use of HANA BANK.

### B. The Teletrac Analysis Should Not Prevent Exclusion of the HANA OVERSEAS KOREAN CLUB Evidence.

The defendants' *Teletrac* analysis contention is nothing more than a red herring. The defendants have not even proposed a jury instruction relating to the *Teletrac* analysis. Further, even if there were such an instruction, the HANA OVERSEAS KOREAN CLUB evidence has no bearing on a *Teletrac* analysis. The HANA BANK mark is nowhere to be found on those materials. Therefore, it cannot contribute to the "advertising combined with other non-sales activity" needed to establish use in commerce. *See, Chance v. Pac-Tel Teletrac Inc.*, 242 F. 3d 1151, 1158 (9th Cir. 2001).

### C. This Motion is not a Disguised Summary Judgment Motion.

If this Court excludes the irrelevant HANA OVERSEAS KOREAN CLUB evidence – as it should – the defendants will still have other arguments and

evidence with which they can press on with a priority defense. For example, in their opposition to this very motion, the defendants contend that "**HANA** is Hana Bank's brand name and the foundational mark to which it can claim foreign priority under 15 U.S.C. Section 1126(a)". Accordingly, by the defendants' own admission, this motion in limine is not tantamount to a summary judgment motion. Rather, the purpose of the motion in limine is to obtain an order excluding irrelevant evidence so that jury confusion and waste of trial time can be avoided.

D. Conclusion.

For the foregoing reasons, this Court should exclude documentary and testimonial evidence relating to the HANA OVERSEAS KOREAN CLUB.

DATED: April 15, 2011

KIM, SHAPIRO, PARK, LEE & RYU, APLC

By */s/ STEVEN E. SHAPIRO*
STEVEN E. SHAPIRO

Attorneys for Plaintiff
HANA FINANCIAL, INC.

DATED: April 15, 2011

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By */s/ Carlo F. Van Den Bosch*
CARLO F. VAN DEN BOSCH

Attorneys for Defendants
HANA BANK and
HANA FINANCIAL GROUP

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff,

v

HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation

Defendants.

Case No. CV07-1534PA(JWJx)(csb)
*The Hon. Percy Anderson*

[PROPOSED]

ORDER GRANTING JOINT MOTION IN LIMINE TO EXCLUDE EVIDENCE RELATING TO THE DEFENDANTS' HANA OVERSEAS KOREAN CLUB PRODUCT

Joint Motion in Limine No. 3 (of 4) initiated by Plaintiff

[proposed] **ORDER**

Having considered the JOINT MOTION IN LIMINE TO EXCLUDE TESTIMONY AND EVIDENCE RELATING TO THE DEFENDANTS' HANA OVERSEAS KOREAN CLUB PRODUCT ("Motion to Exclude") initiated by plaintiff Hana Financial and good cause appearing in support thereof.

IT IS HEREBY ORDERED THAT the Motion to Exclude is GRANTED, as follows:

1. All testimony and evidence relating to the evidence relating to the HANA OVERSEAS KOREAN CLUB product s are hereby excluded in the presence of the jury trial under the provisions of Federal Rules of Evidence 401, 402 and 403 because they are irrelevant and prejudicial and will only be used by defendants to imply that Hana Bank had a seniority in Hana Bank mark, and thereby only serve to confuse and mislead the jury.

2. No party or counsel for any party to this action shall seek to introduce, mention, or display any information, make reference to, or ask any question relating to the alleged evidence relating to the HANA OVERSEAS KOREAN CLUB product at any time.

IT IS SO ORDERED.

Dated: _____

_____

The Honorable Percy Anderson

UNITED STATES
DISTRICT JUDGE

[excerpt]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - TRIAL

Case No. CV 07-1534 PA (JWJx)

Date May 24, 2011

Hana Financial, Inc. v. Hana Bank, et al.

Other: The Court issues its ruling concerning the parties' joint motions in limine. The Court grants in part the following motions: Docket Nos. 243, 244, 245, and 246. The Court denies the following motions: Docket Nos. 247, 248, 249, 251, and 252. The Court provisionally grants Docket No. 250.

[excerpts]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV 07-1534 PA (JWJx)

Hana Financial, Inc. v. Hana Bank, et al.

JURY TRIAL DAY 1

Tuesday, May 24, 2011; 1:53 P.M.

Robert D. Rose:

We represent the two companies that have been sued by this plaintiff.

First up is Hana Bank. They started business 40 years ago in Korea and has become the fourth largest bank in Korea. And I mean South Korea, but I think just for shorthand we'll refer to Korea.

The second company we represent that has been sued here is Hana Financial Group. It is a holding company under the laws of Korea. It holds or it owns the bank. There won't be much testimony or evidence about Hana Financial Group. I'll be talking to you and the witnesses, and for the large part we'll be talking about the bank.

You will learn in this case that Hana Bank had a plan in the early '90s, and it was to expand its services to Korean citizens who are now living in the United States as permanent resident aliens and also to Korean Americans who are in business in the United States.

And together they wanted to focus on this large group of potential customers by providing them services in Korea that would be things handled for them while they were here in the United States.

They named the plan the Overseas Korean Club.

And you can see the same thing on the screens as I have here in this blowup. But it was to work by having persons in the U.S.

These are some of the cities where advertisements were run. Persons in the U.S. focused on by the bank who needed various services such as foreign exchange, property management, money changing. We'll run through those later in the trial.

But they could be here and by virtue of the phone, the fax, e-mail, they could have this handled for them by the bankers in Korea.

This was, in its simplest form, the plan to try and gather customers in the United States for the bank in Korea.

It was launched in 1994; not '5, '94. This is important because it was launched before Hana Financial even incorporated itself. It was launched before Hana Financial ever registered the name "Hana."

It is often the case in trials that exact dates don't matter that much, especially when they're involving events that are 20 years or so ago. But in this case they actually matter a lot. And they actually can be done precisely with respect to when this plan was launched, when it was advertised, and when it began to attract customers.

Timing matters a lot for priority.

If you could put up the – on the screen – and I have it here as well.

This is a time line of the important events, particularly with respect to who was first. And you can see that it was in May of '94 the club was established. There will be testimony to that. That it was made available in July. Immediately advertisements were run. And soon thereafter, within days, customers began inquiring about what this service of the bank could do for them. And then they began to sign up.

This is all before this company registered any mark. And you'll see the first transaction -- I don't think there will be any dispute about it -- by Hana Financial right here in April.

This is nine months after this plan was launched and put into effect. So the bank's plan is here's what we're going to do. We're going to advertise it. We're going to run ads in Korean-language newspapers. We're going to run those ads in papers where there are large concentrations of Koreans and Korean Americans: Los Angeles, New York, Washington, San Francisco. And then these are places where we hope to attract people who can read and understand Korean because that is principally who the bank serves.

You will see these ads, and I think they will be more helpful if you see the English translation of the first ad that ran in the *Korea Times*, Los Angeles.

If you could put that up in the screen.

Okay. We'll work with this.

Here it is in English. Right hear in the corner here it is in English. Hana Bank. In fact, Hana is throughout this ad. This is the attraction for their

new service, the Overseas Korean Club, and over here they're actually recruiting, looking for people who might want to sign up and get a job with the bank.

This is all about priority. This is about Hana Bank offering a service, not a bank called Overseas Korean Club Bank that's a service of Hana Bank.

So was this plan the club? Was it a success? Indeed, it was right from the start and ever since.

There are over 11,000 people who have signed up and had services performed for them by the Overseas Korean Club since July 1994. It has been a continuous effort and one of the biggest successes of the bank.

Back to the time line, the red over here, which continues to go right up to today, is the continuous nature of this bank service. And as you can tell, it's months and months ahead – nine months ahead of when Hana Financial, after going through some deliberative process to come up with a name, began doing business here.

Miss Choi from the Hana Bank from Korea will testify that she has been at the bank and she has been servicing customers of the Overseas Korean Club in the United States since she joined the bank way back in 1996.

[excerpts]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV 07-1534 PA (JWJx)

Hana Financial, Inc. v. Hana Bank, et al.

JURY TRIAL DAY 4

Tuesday, May 27, 2011; 7:40 A.M.

THE COURT: The next instruction is proposed instruction on tacking. I'm going to give a tacking instruction. I'm not going to give the one that's been submitted by either party in this case.

Before that issue – before you argue to the jury, I'll have a draft of the instruction that I'm going to give on tacking. To give you an idea of what it's going to say, there will be sort of an introduction that -- and I haven't finalized it yet. But if you have that Hana Bank has not used its mark continuously since 1994 to 2002, Hana Bank may nevertheless claim priority in mark based on the first-use date of a similar but technically distinct mark by tacking on the date of the use of the first mark to the date of the second mark.

For there to be tacking, the first mark must be the equivalent or indistinguishable from the later use such that consumers considered both as the same mark. The mark must create the same continuing impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked. That's continuing commercial impression.

So – so that's roughly what I'm going to give, and I'll flesh it out so that you – hopefully before you have to argue.

* * *

MR. SHAPIRO: Just on that, your Honor, there is stipulated facts that the Hana Overseas Korean Club was abandoned in the year 2000.

THE COURT: Abandoned or they no longer used it and changed it to something else?

MR. SHAPIRO: I agree that that's -- that they suddenly changed it to the Hana World Center.

THE COURT: Uh-huh.

MR. SHAPIRO: But that's --

THE COURT: I understand.

MR. SHAPIRO: Thank you, your Honor.

THE COURT: But I don't think they – I don't think they necessarily – the jury can find – the jury can find through tacking – well, the jury can find – let me ask you – let me ask one other question.

Is there any documents in the record where the name "Hana Bank" is used in English in 1994 in an ad?

MS. MERLO: The "Hana" name is used in connection with the Hana Overseas Club.

THE COURT: Other than in Hana Overseas Club and other than in a translation, is there any document that's in evidence – in an ad or anything else – that shows the name "Hana Bank" in English.

MS. MERLO: I don't believe there is, your Honor.

* * *

MR. SHAPIRO: Your Honor, I'm going to need to make our Rule 50 motion if they're resting.

* * *

MR. SHAPIRO: With regard to their priority defense, they have not established – provided sufficient evidence to establish priority. They have had nothing – they have not shown any evidence that the name – the name Hana Bank was used in advertising or in connection with providing services prior to Hana Financial's use of its trademark name.

The evidence that they've submitted on this issue is completely wanting. There's no evidence of any services provided in the United States.

THE COURT: I guess I won't need to give that law – unlawful instruction; right?

MR. SHAPIRO: I'm just making my objection to priority, your Honor.

Well, if you grant – if you grant our motion for directed verdict on the issue, yes. Maybe we drop that.

THE COURT: Go ahead. I interrupted you.

MR. SHAPIRO: But there is no – and in our motion in limine we had, you know, demonstrated that the evidence relating to the Hana Financial Overseas Club does not establish any right to use the Hana Bank name in the United States in connection with banking.

THE COURT: That's an evidentiary motion, Counsel.

If you had brought that as a summary judgment you might have something to argue about, but you didn't do that.

MR. SHAPIRO: The – you know, irrespective, we think that that should be a directed verdict on that affirmative defense. It should be granted, and that issue should not go to the jury.

THE COURT: What affirmative defense?

MR. SHAPIRO: Priority, your Honor.

THE COURT: Okay.

* * *

THE COURT: Okay. The defendants' Rule 50 motion is denied.

And the plaintiff's Rule 50 motion is denied.

* * *

**DEFENSE CLOSING ARGUMENT**

BY MR. VAN DEN BOSCH:

Priority. You've seen that the plaintiff has a federal trademark registration for its triangle logo. But being the first to register a mark doesn't mean much under trademark law. What mean – what means more is being the first to have used your mark in commerce; therefore, the defendant Hana Bank's trademark priority in this case defeats the trademark registration. It renders it irrelevant.

And how do we establish priority? You see here the advertisement that was published in July of 1994 in the L.A. edition of the *Korea Times*. It's an English translation. But you've heard testimony from Miss Choi that the same ad was part of a larger advertising campaign. It appeared in San Francisco, Washington DC, New York, Chicago, all cities with large Korean-American populations.

This ad appeared – this advertising campaign was run before the plaintiff incorporated in August 1994 – that's undisputed – and before the plaintiff engaged in any commercial activity under its mark, which was in April of 1995. And you have a specific instruction to that effect.

Now, we heard Miss Choi testify in this ad. She explained how the name "Hana Overseas Korean Club" appears in English, the mark of the bank – Hana Bank – with its logo appeared in Korean. Why? Because this was a Korean publication. It was read by Korean Americans. They understand the Korean language.

Throughout this advertisement the Hana name appears nine times. Again, this was all before the plaintiff even existed.

And the plaintiff also ended up advertising in the same publication at a later date.

Now, following this advertisement, we've shown you that the product became a success. Within weeks of the advertisements, the banks started receiving letters from customers or potential customers in the United States, including in Los Angeles, asking about this new product.

Within weeks they started receiving customer applications. People started becoming members of this overseas club and receiving services from the bank.

We showed you three applications. These were sample applications for a larger program. In 2002 the bank opened a New York agency, and the plaintiff would have you believe that this is where it all began. But in order to do that they have to ignore

everything that came before that. They have to ignore the advertisements, the applications we've shown you, the testimony about wire transfers. Miss Choi, who personally attends to the overseas club, testified that on a regular basis since – well, she's been with the bank for 18 years, and on a regular basis since the '90s she has been personally wiring funds to U.S. customers.

We didn't go to the vault. We did one better. We brought you Miss Choi. She has personal knowledge of these issues.

Now, here's the time line that you saw in the beginning of the case. And let me explain to you how our evidence now lines up with this time line.

In May of 1994, on the very left at the top, we showed you a memorandum. The bank was establishing the Overseas Korean Club to target customers in the United States.

In July of 1994 the service became available to U.S. customers. We showed you another company memorandum that clearly showed this to be the case. In July of 1994 the advertisement started. In July 18th of 1994 we received letters from U.S. customers. July 26th of 1994 we showed you the first application.

This product took off immediately. It was a success.

You heard Miss Choi testify, from that point forward lots of wire transfers almost on a daily basis she was servicing U.S. customers.

Mr. Gi-Hong Kim showed you a five-year snapshot of the type of volume that the bank was doing with the U.S. customers. From 2002 to 2007 there

was a total of $39 million transferred to U.S. customers.

Now, at the bottom of the page you'll notice the time line for the plaintiff. The Court has given an instruction that it did not begin using its mark until April 1st of 1995. You are bound by that. Now, here's the interesting part of this chart. This is when the plaintiff filed its federal trademark application. This was a hijacking basically of the bank's mark.

Bear in mind that the principles – and you've only heard from two people from the plaintiff, the two sisters.

They've known about the bank for a long time. They've known The Chairman for a long time. They made regulars visits to the bank and The Chairman to ask for assistance. They knew what they were doing. This was a hijacking.

Now, we could really stop right there on the issue of priority, but there's more.

* * *

**PLAINTIFF'S REBUTTAL CLOSING ARGUMENT**

BY MR. SHAPIRO:

* * *

The other issue is that they don't – they didn't use in their advertising the mark Hana Bank. And you heard from their expert, our expert, and you'll hear from the Court, that a mark is considered in its entirety. And that's one thing that's kind of interesting about their argument, the – Hana Bank's argument. And this is the hypocrisy.

They argue that when it comes to trying to establish priority, they say it's just the name Hana -- just Hana – the Hana word, the Hana mark, the Hana name.

But when it comes to infringement, oh, well, you've got to look at Hana Financial and its logo, and you've got to look at Hana Bank and its logo.

Well, the law is that it's the same for both.

You have to consider a mark in its entirety. You can't just pick a piece of word – pick a word. You can't just dissect a word. You look at the mark, and that's how you get it. You use the mark. And they didn't use the mark Hana Bank in the United States, and they certainly haven't proved it.

Now, you're going to see something – listen – hear something in the instructions about tacking.

Tacking is that sometimes a company will use a mark, and they might change it up a little bit. Maybe they, you know, add an apostrophe to a name or they do some kind of slight change. And over the course, as customers get to know the name – well, they get – you get credit for that, you know; so let's say they were Hana Bank with a – one particular logo. They make a tiny change in the logo three years later, four years later. You don't – you don't say, look, you lose all your rights because you made the tiniest little change. You don't – you didn't make an immaterial change.

But here the only English mark in their advertising or application or anything is Hana Overseas Korean Club. And that's materially different than Hana Bank. In fact, Hana Overseas Korean Club was abandoned. They quit using it in 2000; so they didn't

pick up again with Hana Bank in the United States for three years later. But there – there's a total material difference. Hana Bank Overseas Korean Club sounds like some kind of club for Korean expatriates here in the United States. Hana Bank, that's a completely different name.

So you'll see that in the instructions, but they're not arguing it because they can't show it. They have to keep coming back to we have the name Hana. We used Hana, something they never tried to trademark, something they've never used by itself in commerce until you heard some testimony after 2005 they started to develop a Hana brand.

But before April 1, 1995, they didn't use it by itself. It wasn't a mark. It's not a trademark. You can't just take out a word. You have to look at it as the whole, and that's the law. And that's all we're asking. Apply the law.

[excerpt]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
HANA FINANCIAL, INC.
Plaintiff,
v.
HANA BANK,
Defendant.

No. CV 07-1534 PA (JWJx)

# JURY INSTRUCTIONS

The Court has determined as a matter of law that Hana Financial first began using its mark in commerce on April 1, 1995. Hana Financial contends that defendant did not begin using its Hana Bank mark in the United States until after that date. One of defendant's contentions is that it began using the Hana Overseas Korean Club mark in commerce in the United States prior to April 1, 1995.

A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called "tacking." The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HANA FINANCIAL, INC.
Plaintiff,
v.
HANA BANK,
Defendant.

No. CV 07-1534 PA (JWJx)

VERDICT FORM

REDACTED

1. Has defendant Hana Bank used its mark in commerce in the United States beginning prior to April 1, 1995, and continuously since that date?

☒ Yes ☐ No

If you answered "No," go to Question 2.

If you answered "Yes," go to Question 5.

2. Is defendant liable to plaintiff for trademark infringement?

☐ Yes ☐ No

If you answered "Yes," go to Question 3. If you answered "No," go to Question 5.

3. Did defendant intentionally use plaintiff's mark knowing it was an infringement?

☐ Yes ☐ No

If you answered "Yes," go to Question 4. If you answered "No," go to Question 5.

4. What amount of damages do you award to plaintiff?

$ _____

Go to Question 5.

5. Has defendant proven its "unclean hands" defense such that plaintiff should not prevail on its claims?

☐ Yes ☒ No

Go to Question 6.

6. Has defendant proven its "laches" defense such that plaintiff should not prevail on its claims?

☒ Yes ☐ No

DATED: May 27, 2011 REDACTED
Foreperson of the Jury

[excerpts]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

HANA FINANCIAL, INC.,
a California corporation"
Plaintiff,
v.
HANA BANK,
a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation,
Defendant.

Case No. CV07-1534-PA(JWJx)

RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW AND MOTION FOR NEW TRIAL
Judge: Percy Anderson
Trial: May 24, 2011

MEMORANDUM OF POINTS AND AUTHORITIES

## A. Introduction

Pursuant to Rules 50 and 59 of the Federal Rules of Civil Procedure, Plaintiff Hana Financial renews its motion for judgment as a matter of law and seeks a new trial. After the defendants rested at trial, Hana Financial moved this Court to direct a verdict in Hana Financial's favor on the affirmative defenses of priority, laches and unclean hands. This Court de-

nied the motion and Hana Financial hereby renews that motion. Hana Financial respectfully requests that this Court grant the motion, adjudicate the issues of priority, unclean hands and laches in Hana Financial's favor, and grant a new trial on the issues of infringement and damages.

B. Priority

Hana Financial moved for directed verdict on the priority issue based on two grounds. First, Hana Financial contended that the defendants could not tack its current use of HANA BANK in the United States onto its alleged prior advertising of the Hana Overseas Korean Club. The law on this issue has been briefed in Hana Financial's motion in limine regarding tacking and is incorporated herein. [Docket No. 251, pages 1 to 4]. In particular, HANA BANK and HANA OVERSEAS KOREAN CLUB are materially different as a matter of law and are not "virtually identical" as required for tacking. Therefore, as a matter of law, the evidence was insufficient to establish priority.

The defendants also failed to prove use in United States commerce as required for establishing priority. The July 14, 1994 advertising was not sufficient to establish use in commerce as a matter of law. The evidence presented did not establish that the three customers reflected in the documents were present in the United States and there was no proof that the customers actually transferred money from the United States to Korean to open the accounts.

* * *

## E. Conclusion

This Court should adjudicate the issues of laches, unclean hands and priority in favor of Hana Financial as a matter of law. Further, this Court should grant a new trial on the issues of trademark infringement and damages.

Respectfully submitted,

Date: July 27, 2011

Kim, Shapiro, Park, Lee & Ryu, APLC

By:/s/ Steven E. Shapiro
Steven E. Shapiro
Attorneys for Plaintiff

[excerpts]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA – SPRING STREET DIVISION

HANA FINANCIAL, INC., a California corporation,
Plaintiff,
v.
HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP, a Korean corporation,
Defendants.

Case No. CV07-1534PA(JWJx)(csb)
The Hon. Percy Anderson

DEFENDANTS' OPPOSITION TO PLAINTIFF'S RENEWED MOTION FOR JUDGMENT AS A MATTER OF LAW AND MOTION FOR NEW TRIAL

## I. INTRODUCTION

Plaintiff's Renewed Motion for Judgment as a Matter of Law ("Renewed JMOL Motion") and Motion for New Trial ("New Trial Motion") do not cite to a single piece of evidence. They do not refer to any portion of a trial transcript. They do not cite any case law, other than to incorporate one of Plaintiff's failed motions *in limine* by reference. Evidently, these Motions are merely intended to toll the appellate deadline. This is a vexatious tactic that should not be indulged.

Moreover, Plaintiff's Motions simply re-argue the same issues already decided by the jury and this

Court, which combined to find in favor of Hana Bank on three independent grounds—priority, laches, and unclean hands. There is no rational basis for changing the verdict.

Plaintiff's JMOL Motion is not properly styled to address Hana Bank's equitable defenses of laches and unclean hands, and it falls far short of demonstrating that any of the three grounds for Hana Bank's judgment lacks substantial evidence or should otherwise be reconsidered.

Plaintiff's New Trial Motion fails to establish the judgment was either contrary to the clear weight of the evidence or that it perpetrates a miscarriage of justice based on some manifest error of law or fact. The Court should use its discretion to deny it.

Indeed, each of the three grounds for judgment in Hana Bank's favor is supported by substantial evidence recited in the Court's Findings. (Dkt. 321.) Each is well within the realm of reasonable justice based on an evaluation of all the evidence.

Plaintiff's Motions should be denied, and Hana Bank's fee award should include the expense of defending against these baseless Motions.

## II. SUMMARY OF RELEVANT FACTS AND PROCEDURAL HISTORY

Plaintiff Hana Financial, Inc. ("Plaintiff") filed its Complaint on March 8, 2007. (Dkt. 1.) It asserted five trademark-related claims for relief. (*Id.*) Defendants Hana Bank ("HB") and Hana Financial Group ("HFG") (collectively, "Hana Bank") each asserted one counterclaim for cancellation of Plaintiff's service mark registration. (Dkts. 24 and 43.)

Plaintiff has enjoyed a full and fair opportunity to litigate the claims at issue in this action by, among other things:

- Filing two separate motions to dismiss. (Dkts. 11 and 31.)
- Conducting substantial fact discovery (including depositions of high-ranking Hana Bank company representatives, numerous document requests and interrogatories, and significant motion practice related to discovery issues). (*See* Dkts. 55-61, 63, 66-68, 70, and 166-167; Dkt. 326-1 [VAN DEN BOSCH DECL. IN SUPPORT OF MOTION FOR REASONABLE ATTORNEYS' FEES], ¶ 63.)
- Bringing three motions for summary judgment. (Dkts. 77, 81, 83, and 159.)
- Defending doggedly against Hana Bank's motion for summary judgment, which was granted as to all of Plaintiff's claims based on a finding of Hana Bank's trademark priority in the **HANA** name and mark. (Dkts. 75 *et seq.* and 159.)
- Appealing to the Ninth Circuit, where it secured a narrow reversal of Hana Bank's summary judgment and remand for trial based on the split panel's application of evidentiary presumptions. (*See* Dkt. 210.)
- Fully preparing for trial (including witness and exhibit lists, contentions of fact and law, numerous motions *in limine*, and many related advocacy opportunities). (*See e.g.* Dkts. 227-228, 230, 237-238, 243-252, and 256.)

- Participating in no less than four settlement conferences presided over by a combination of retired and sitting judges. (Dkt. 326-1, ¶ 64.)
- Prosecuting a four-day jury trial, during which it had ample opportunity to call percipient and expert witnesses and cross-examine Hana Bank's witnesses. (Dkts. 301-304.)
- Filing proposed findings of fact and conclusions of law and objecting to Hana Bank's proposals regarding same. (Dkts. 317 and 319.)

Plaintiff ultimately *lost* on all of its claims. (*See* Dkts. 301-304 and 321-322.) A unanimous jury determined that Hana Bank has trademark priority in the **HANA** mark and is not liable for infringement. (*See* Dkt. 321, pp. 2 and 10 of 10.)

The Court issued detailed findings of fact and conclusions of law after considering all evidence. (Dkt. 321 [Findings of Fact and Conclusions of Law ("Findings")].) It rendered judgment in Hana Bank's favor as to all of Plaintiff's claims, based on the jury's finding of Hana Bank's priority. (Dkts. 321-322.) It also entered judgment that Hana Bank had established its separate equitable affirmative defenses of laches and unclean hands. (*Id.*)

Plaintiff timely filed its current JMOL Motion (renewing its motion for a directed verdict made at trial) and New Trial Motion on July 27, 2011. (Dkt. 330.)

## III. ARGUMENT

Plaintiff cites no legal standards or case law in support of its Motions. Its Notice of Motion (Dkt. 330) only generically cites Federal Rules of Civil Procedure ("Rules") 50 and 59 without explication. The two Rules are multi-faceted, but Plaintiff does not identify which provisions it is invoking. (*See generally* Dkt. 330-1.)

Rule 50 is not intended to address post-trial attacks on equitable affirmative defenses tried to the Court. Yet Plaintiff incorrectly invokes it to attack the Court's judgments of laches and unclean hands. (*See id.*)

For these reasons, Plaintiff has shifted its burden to Hana Bank to identify the applicable standards necessary for the Court to rule on the Motions.[1] Plaintiff is required to submit a "complete memorandum in support thereof and the points and authorities upon which" it relies. L.Rs. 7-4 and 7-5. The Court may reject the Motions for Plaintiff's failure to do so.

Notwithstanding these inadequacies, Hana Bank sets forth below the standards pertinent to Plaintiff's contentions. All standards weigh heavily against granting Plaintiff any relief.

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[1] Plaintiff's lack of diligence has required Hana Bank's counsel to spend significant additional time categorizing the issues raised by Plaintiff and researching the appropriate legal standards. Hana Bank's related attorneys' fees should be assessed against Plaintiff in connection with Hana Bank's pending Motion for Reasonable Attorneys' Fees (Dkt. 326).

## A. Plaintiff's Renewed JMOL Motion Regarding the Issue of Trademark Priority Should Be Denied

### 1. The "Substantial Evidence" Standard Applies to JMOL Motions Regarding Issues Tried to a Jury

A renewed JMOL motion after entry of judgment is governed by Rule 50(b). Such a motion may only raise arguments that the movant has already raised in a pre-judgment Rule 50(a) JMOL motion. *E.E.O.C. v. Go Daddy Software, Inc. ("Go Daddy")*, 581 F.3d 951, 961 (9th Cir. 2009).

Rule 50(a) (and therefore Rule 50(b)) only apply to ***issues tried to a jury***. *See id.* Accordingly, the only issue governed by Rule 50 at this stage is the jury's unanimous verdict concluding that Hana Bank has trademark priority in the **HANA** mark for use in connection with financial services in the United States. (See Dkt. 321, pp. 2 and 10 of 10.)

In ruling on a renewed JMOL motion, the Court reviews the record as a whole to determine whether there is "substantial evidence" supporting the jury's verdict. *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. 133, 150-151 (2000); *Go Daddy*, 581 at 961; *Johnson v. Paradise Valley Unified School Dist. ("Paradise Valley")*, 251 F.3d 1222, 1227 (9th Cir. 2001).

A jury's verdict "***must*** be upheld if it is supported by substantial evidence." *Paradise Valley*, 251 F.3d at 1227 (emphasis added). "Substantial evidence" is "evidence adequate to support the jury's conclusion, even if it is also possible to draw a contrary conclusion from the same evidence." *Id.*; *Murphy v.*

*F.D.I.C.*, 38 F.3d 1490, 1495 (9th Cir. 1994) ("[w]e are required to sustain a judgment based on a jury verdict if it was supported by...such relevant evidence as reasonable minds might accept as adequate to support a conclusion.") (internal quotation marks omitted).

In making its determination regarding the presence of substantial evidence, the Court "must view the evidence in the light most favorable to the nonmoving party [Hana Bank] and draw all reasonable inferences in that party's favor," and may ***not*** make credibility determinations or weigh the evidence. *Go Daddy*, 581 F.3d at 961 (internal citations omitted); *Reeves*, 530 U.S. at 150; *Paradise Valley*, 251 F.3d at 1227. The standard for granting judgment as a matter of law therefore "mirrors" the standard for granting summary judgment. *Reeves*, 530 U.S. at 150; *Paradise Valley*, 251 F.3d at 1227 n. 5.

Overall, "The test applied is whether the evidence permits only one reasonable conclusion, and that conclusion is contrary to the jury's verdict." *Go Daddy*, 581 F.3d at 961 (internal citations omitted). An appellate court reviews the denial of a JMOL motion *de novo*, employing the same standards as the district court. *See id.*

**2. <u>Substantial Evidence Supports the Jury's Unanimous Finding of Hana Bank's Trademark Priority</u>**

Plaintiff attempts to re-argue evidence as though it can obtain a directed verdict by merely demonstrating the existence of some disputed facts. However, a unanimous jury found in favor of Hana Bank on the issue of trademark priority. (Dkt. 321, p. 2 and 10 of 10.) A strong summary judgment-like presump-

tion (drawing all inferences in Hana Bank's favor) secures the integrity of the jury's verdict. *See Go Daddy*, 581 F.3d at 961; *Reeves*, 530 U.S. at 150.

The only relevant issue is whether substantial evidence supports the jury's finding of Hana Bank's priority in the **HANA** mark. *See id.* It does, and that ends the inquiry.

The Court's Findings (Dkt. 321) details significant evidence established at trial that is "adequate to support the jury's conclusion, even if it is also possible to draw a contrary conclusion." *See Paradise Valley*, 251 F.3d at 1227. Hana Bank began using the **HANA** mark in commerce in the U.S. on July 12, 1994. (Dkt. 321, ¶¶ 4-9.) It launched a significant advertising campaign using the **HANA** mark in July 1994 that promptly attracted customers across the U.S. (*Id.*, ¶¶ 5-15.) Those customers remained customers for many years, some until the present. (*Id.*) Hana Bank has continuously provided financial services to more than 11, 500 customers in the U.S. since 1994. (*Id.*, ¶ 15; Declaration of Carlo F. Van den Bosch in Support of Hana Bank's Opposition to Motions, Exh. A at lines 125:7-126:6.)

Plaintiff's first use of its **HANA** mark in U.S. commerce did not occur until April 1, 1995. (*Id.*,¶ 26.)

Based on these facts, the jury "returned a unanimous verdict, holding that Hana Bank had used its mark in commerce in the United States prior to April 1, 1995 and has done so continuously since that date. As a result of the jury's finding, Hana Bank is the senior user of the mark and cannot be liable to [Plaintiff] for trademark infringement." (*Id.*, p. 2 of 10.)

It is not appropriate to re-weigh the evidence in considering whether to overturn the jury's verdict. The evidence cited above and in the Court's Findings is adequate to support the jury's conclusion. *See Paradise Valley*, 251 F.3d at 1227. Certainly, it cannot be said that the only possible conclusion based on the evidence is ***contrary*** to the jury's verdict. *See Go Daddy*, 581 F.3d at 961. Accordingly, the verdict withstands Plaintiff's JMOL Motion.

Of course, this Court rendered summary judgment in favor of Hana Bank's trademark priority even when the presumptions favored Plaintiff. (Dkt. 159.) At this point, all presumptions favor Hana Bank and the jury's verdict. *See Go Daddy*, 581 F.3d at 961; *Reeves*, 530 U.S. at 150.

Plaintiff does not address the applicable standards. Plaintiff instead argues that Hana Bank "failed to prove use in United States commerce," and attempts to argue against the facts established by the Court's Findings. (Dkt. 330-1, pp. 2-3 of 5.) The only relevant inquiry is whether evidence in the record constitutes "substantial evidence" upholding the verdict *i.e.*, evidence that is "adequate to support the jury's conclusion" when viewing the evidence "in the light most favorable" to Hana Bank and "drawing all reasonable inferences" in Hana Bank's favor. *See Go Daddy*, 581 F.3d at 961; *Reeves*, 530 U.S. at 150; *Paradise Valley*, 251 F.3d at 1227.

Plaintiff also reverts to its eleventh-hour "tacking" theory. It argues that Hana Bank cannot tack its use of a purported **HANA BANK** mark to its advertising for the Hana Overseas Korean Club because those marks are not "virtually identical." (Dkt. 330-1, p. 2.) Substantial evidence already supports the jury's verdict of Hana Bank's trademark priority

and continuous usage. Thus, there is no need to consider the tacking argument with its self-serving interpretation of the evidence. Hana Bank addresses it here simply to further demonstrate the correctness of the jury's verdict.

In fact, the Court denied Plaintiff's motion *in limine* to exclude evidence of Hana Overseas Korean Club advertising based on purported tacking. (Dkts. 251 and 301.) That ruling was correct, because tacking has always been irrelevant to the issues in this case. This Court, the Ninth Circuit, and Plaintiff itself have consistently considered the mark at issue in this case to be, simply, ***HANA***. Plaintiff's Complaint repeatedly alleges that infringement is of the mark **HANA**. (Dkt. 1, ¶¶ 24-25, 34-35, 37, 48-49, 51, 61-62, 73-74). Both this Court's and the Ninth Circuit's earlier rulings frame the central issue as whether Hana Bank has established priority of use of the **HANA** mark in the United States. (Dkt. 159, p. 1 of 8; Dkt. 210, p. 4 of 9.)

Hana Bank's usage of "Hana Overseas Korean Club" and "Hana World Center" as the names of financial services programs does not violate any tacking rules. (*See* Dkt. 321, ¶¶ 3-15.) The usage centers on the distinctive **HANA** house mark in conjunction with a descriptive or generic product name. This is no different than referring to **WELLS FARGO** Home Loans. *See In re Royal Bodycare Inc.*, 83 U.S.P.Q.2d 1564, 1568 (T.T.A.B. 2007) (house mark serves as an umbrella for product emanating from a single source).

Moreover, Hana Bank's use of the **HANA** mark in conjunction with the more descriptive product terminology follows a common marketing practice employed by trademark owners to prevent their marks

from becoming generic. *See e.g.* McCarthy on Trademarks and Unfair Competition § 12:26 (4th ed.) (advising trademark owners to "give the product an easily recognizable generic name in addition to the term which the seller considers to be its trademark" in order to prevent the trademark from becoming generic).

For example, in *Ty Inc. v. Softbelly's Inc.*, 353 F.3d 528, 532 (7th Cir. 2003), the Seventh Circuit observed that Xerox and Sanka saved their marks from generic status by appending the generic product descriptions "copier" and "decaf," respectively, to their trademarks in marketing materials. Hana Bank's use of the **HANA** mark in connection with "Overseas Korean Club" and "World Center" is similar. The phrases "Overseas Korean Club" and "World Center" describe the international banking services offered by Hana Bank. But the trademark associated with those services — i.e., the indication of their common source — is **HANA**.

The concept of tacking is simply irrelevant. The mark at issue is the **HANA** mark. The evidence documented by this Court demonstrates Hana Bank has continuously used the **HANA** mark in U.S. commerce since July 1994. (Dkt. 321.) Plaintiff's argument regarding purported tacking does nothing to undermine the integrity of the jury's verdict establishing priority.

For all these reasons, it would be improper to overturn the jury's verdict and direct a verdict in favor of Plaintiff on the issue of trademark priority. *See DSPT International, Inc. v. Nahum*, 624 F.3d 1213, 1218, 1221-1224 (9th Cir. 2010) (affirming denial of renewed motion for judgment as a matter of law that sought to overturn a jury verdict regarding

Lanham Act claims based on the presence of substantial evidence supporting the jury's verdict); *Paradise Valley*, 251 F.3d at 1226-1229 (reversing district court's grant of judgment as a matter of law because jury's verdict finding disability-related discrimination was reasonable based on substantial evidence in the record, even though the district court may have weighed the evidence differently than the jury).

* * *

## C. Plaintiff's New Trial Motion Regarding the Issue of Trademark Priority Should Be Denied

Plaintiff does not devote a single sentence to argue in support of a new trial. (*See generally* Dkt. 330-1.) It generically asserts entitlement to a new trial in its conclusion. (Dkt. 330-1, p. 4 of 5.) The Court should disregard Plaintiff's request based on Plaintiff's failure to provide a shred of authority or evidence in support of its new trial demand. L.Rs. 7-4 and 7-5.

Moreover, the court "enjoys considerable discretion" in determining whether to grant or deny any motion for new trial. *Jorgenson v. Cassiday*, 320 F.3d 906, 918 (9th Cir. 2003). A district court's decision on a motion for new trial is reviewed for clear abuse of discretion. *Id.*; *Paradise Valley*, 251 F.3d at 1229; *Molski*, 481 F.3d at 728; *Desrosiers v. Flight International Of Florida Inc.*, 156 F.3d 952, 957 (9th Cir. 1998); *Mobile Hi-Tech Wheels v. CIA Wheel Group*, 514 F. Supp. 2d 1172, 1179 (C.D. Cal. 2007) (Wilson, J.) ("The authority to grant a new trial...is confided almost entirely to the exercise of discretion on the

part of the trial court.") (citing *Allied Chemical Corp. et al. v. Daiflon, Inc.*, 449 U.S. 33, 36 (1980)).

A denial of a motion for new trial will be overturned "only where there is an ***absolute absence of evidence*** to support the jury's verdict." *Derosiers*, 156 F.3d at 957 (emphasis added) (a district court's denial of a motion for new trial is "virtually unassailable" when it weighs the evidence based on proper legal standards). A district court only abuses its discretion when it bases its decision on an erroneous view of the law or a clearly erroneous assessment of the facts. *Coughlin v. Tailhook Ass'n*, 112 F.3d 1052, 1055 (9th Cir. 1997).

1. **The "Clear Weight of the Evidence" Standard Applies to New Trial Motions Regarding Issues Tried to a Jury**

When a motion for new trial pertains to issues tried to a jury, it is governed by Rule 59(a)(1)(A). This species of new trial motion may only be granted if the jury verdict "is contrary to the ***clear weight*** of the evidence, or is based upon evidence which is false, or to prevent, in the sound discretion of the trial court, a miscarriage of justice." *Silver Sage Partners, Ltd. v. City of Desert Hot Springs*, 251 F.3d 814, 819 (9th Cir. 2001) (emphasis added) (citing *U.S. v. 4.0 Acres of Land*, 175 F.3d 1133, 1139 (9th Cir. 1999); *Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007) (emphasis added) (internal citations omitted); *see also City Solutions, Inc. v. Clear Channel Communications*, 365 F.3d 835, 843 (9th Cir. 2004) ("A new trial is warranted where the verdict is contrary to the clear weight of the evidence and the verdict results in the miscarriage of justice.").

Under this standard, a court has the duty to weigh for itself the evidence previously weighed by the jury. *Landes Constr. Co., Inc. v. Royal Bank of Canada*, 833 F.3d 1365, 1371-1372 (9th Cir. 1987). A new trial may be granted based upon a court's weighing of the evidence even if substantial evidence supports the jury's verdict, but may not be granted simply because the court would have arrived at a different verdict than the jury. *Id.* (a court may not grant a motion for new trial based merely on doubts about the correctness of the verdict; it must "have a firm conviction that the jury has made a mistake."); *Silver Sage Partners*, 251 F.3d at 819; *Wallace v. City of San Diego*, 479 F.3d 616, 630 (9th Cir. 2007); *4.0 Acres of Land*, 175 F.3d at 1139 ("[A] district court may not grant or deny a new trial merely because it would have arrived at a different verdict.").

This standard by its nature defies bright-line rules, but overall, a court may grant a new trial when, after weighing the evidence for itself, it "is left with the definite and firm conviction that a mistake has been committed by the jury." *Landes Const. Co.*, 833 F.3d at 1371-1372.

### 2. The Jury's Unanimous Verdict of Hana Bank's Trademark Priority Is Not Contrary to the Clear Weight of the Evidence

The specific substantial evidence supporting the jury's verdict of Hana Bank's trademark priority in the **HANA** name is detailed above. (*See* Section III-A-2, *supra*.) The jury's verdict is not "contrary to the clear weight of the evidence." *See e.g. City Solutions*, 365 F.3d at 843.

In fact, the clear weight of the evidence ***favors*** the jury's verdict and Hana Bank's priority. This

Court previously held on summary judgment that the evidence was conclusive of Hana Bank's priority, even when the presumptions favored Plaintiff. (Dkt. 159, p. 5 of 8.) The Court's view of the evidence is now confirmed by the jury's unanimous verdict. (Dkt. 321, pp. 2 and 10 of 10.)

There is no basis for a "definite and firm conviction that a mistake has been committed by the jury." *See Landes Const. Co.*, 833 F.3d at 1371-1372. No new trial should be granted regarding trademark priority. Plaintiff had a full and fair opportunity to litigate this case through trial the first time around. (*See* Section II, *supra*.) There is no "miscarriage of justice" in requiring Plaintiff to live with the result. *See e.g. City Solutions*, 365 F.3d at 843.

* * *

## IV. CONCLUSION

Hana Bank only needed to prevail on one of three issues—priority, laches, or unclean hands—to defeat Plaintiff's claims. It prevailed on all three. There is no basis for directing a contrary verdict or ordering a new trial. There certainly is no basis for overturning all three.

Plaintiff had a full and fair opportunity to litigate. It lost. The Court's Judgment should stand.

For all these reasons, Hana Bank respectfully requests that the Court deny Plaintiff's Renewed JMOL Motion and New Trial Motion.

Dated: August 8, 2011

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By /s/ Carlo F. Van den Bosch

CARLO F. VAN DEN BOSCH

[excerpts]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

HANA FINANCIAL, INC.,
a California corporation,
Plaintiff,
v.
HANA BANK, a Korean corporation,
HANA FINANCIAL GROUP,
a Korean corporation
Defendants.

Case No. CV07-1534PA(JWJx)(csb)
*The Hon. Percy Anderson*

PLAINTIFF HANA FINANCIAL, INC'S REPLY IN SUPPORT OF MOTION FOR NEW TRIAL

**I. The Jury's Priority Finding Should Be Overturned.**

Hana Bank does not dispute that there are material differences between the mark HANA BANK and the mark HANA OVERSEAS KOREAN CLUB. Rather, it argues only that HANA was a house mark and that Hana Financial alleges infringement of the mark HANA by itself. These arguments are without merit and this Court should overturn the jury's finding of priority because the mark HANA BANK could not be tacked to the use of "Hana" in the July 14, 1994, Hana Overseas Korean Club advertisements in Korean newspaper.

Hana Bank's contention regarding a "house mark" is frivolous. There was no evidence introduced at trial that HANA was recognized as a house mark by United States consumers prior to April of 1995. In fact, before then, only a single advertisement had been run by Hana Bank in the United States on one single day. In that advertisement, the only use of the English word HANA was in **HANA OVERSEAS KOREAN CLUB.**

Finally, regarding the assertion that only the word HANA was at issue in this case, Hana Financial fully briefed the issue in its motion in limine regarding tacking. [Docket No. 251, page 11, line 18, to page 13, line 26.] Hana Bank has not – and cannot – refute the law already cited and briefed by Hana Financial on the issue.

Therefore, as a matter of law, the jury had no basis to find for Hana Bank on the issue of priority and the verdict on the issue should be overturned.

* * *

## IV. Conclusion

For the reasons above, Hana Financial respectfully requests this Court vacate the priority, laches and unclean hands findings and order a new trial on the issues of trademark infringement and damages.

Dated: August 30, 2011 KIM SHAPIRO PARK LEE & RYU

By: */s/ STEVEN E. SHAPIRO*
STEVEN E. SHAPIRO
Attorneys for Plaintiff
Hana Financial, Inc.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-1534 PA (JWJx)

Date September 19, 2011
Hana Financial, Inc. v. Hana Bank, et al.

IN CHAMBERS – MOTION FOR NEW TRIAL

Before the Court is a Renewed Motion for Judgment as a Matter of Law and Motion for New Trial filed by plaintiff Hana Financial, Inc. ("Hana Financial") (Docket No. 330). Pursuant to Rule 78 of the Federal Rules of Civil Procedure and Local Rule 7-15, the Court finds that this matter is appropriate for decision without oral argument. The hearing calendared for September 19, 2011, is vacated, and the matter taken off calendar.

Hana Financial first filed this action in 2007 against defendants Hana Bank and Hana Financial Group ("Hana Bank"), alleging claims for: (1) trademark infringement under 15 U.S.C. § 1114(a) of the Lanham Act; (2) trademark infringement under 15 U.S.C. § 1125(a) of the Lanham Act; (3) false designation of origin under 15 U.S.C. § 1125(a) of the Lanham Act; (4) common law trademark infringement under federal law; and (5) unfair competition under California common law and California Business and Professions Code section 17200. Hana Bank filed an Answer and Counterclaim. The counterclaim alleged that Hana Financial fraudulently procured its mark by knowingly submitting a false oath in connection with its application.

In 2008, this Court, after concluding that Hana Bank had first used its service mark in commerce in the United States before Hana Financial used its mark, granted summary judgment in favor of Hana Bank on Hana Financial's claims. In that same order, the Court granted Hana Financial's Motion for Summary Judgment on Hana Bank's counterclaim that Hana Financial had fraudulently procured its registered mark from the Patent and Trademark Office. Both parties appealed. In an unpublished opinion that became final in January 2011, the Ninth Circuit affirmed the Court's summary judgment disposing of Hana Bank's counterclaim, but, concluding that triable issues of fact on the parties' priority of use existed, remanded the action for trial on Hana Financial's infringement claims.

Following the Ninth Circuit's issuance of its Mandate, the Court conducted a trial beginning on May 24, 2011. After the close of evidence on the fourth day of trial, Hana Financial moved for a judgment as a matter of law pursuant to Federal Rule of Civil Procedure 50. The Court denied the Motion and submitted the case to the jury. The jury later returned a verdict in which it concluded that Hana Bank had begun using its mark in commerce in the United States prior to Hana Financial's first use of its mark in commerce. The jury, acting in an advisory capacity, also found that Hana Bank was entitled to a laches defense but not an unclean hands defense. The Court adopted the jury's conclusion on laches as its own, but in issuing its Findings of Fact and Conclusions of Law on the equitable defenses, determined that Hana Financial's unclean hands barred its infringement claims. As a result of the jury's verdict and the Court's Findings of Fact and

Conclusions of Law, the Court issued a Judgment in favor of Hana Bank and against Hana Financial.

Hana Financial then filed the current Renewed Motion for Judgment as a Matter of Law and Motion for New Trial. Hana Financial challenges both the jury's verdict on the priority of use issue and the Court's Findings of Fact and Conclusions of Law on Hana Bank's equitable defenses.

As an initial matter, the Court notes that Hana Financial's Motion provides no discussion of the appropriate standard to apply to such a Motion. Nor does the Motion cite to a single legal authority. Hana Financial also fails to support its Motion by citing to or providing any evidence in support of its position. The Motion therefore falls far short of the standard this Court expects of attorneys appearing before it. Hana Financial's failure to provide anything more than unsupported argument improperly shifts to the Court the burden of researching the applicable law to apply to Hana Financial's Motion and reviewing the record to obtain the relevant facts. On their own, these failures provide sufficient basis for the denial of Hana Financial's Motion. *See Wilkins v. United States*, 279 F.3d 782, 786 (9th Cir. 2002); *Kohler v. Inter-Tel Tech.*, 244 F.3d 1167, 1182 (9th Cir. 2001) ("Issues raised in a brief which are not supported by argument are deemed abandoned."); *Entm't Research Group, Inc. v. Genesis Creative Group, Inc.*, 122 F.3d 1211, 1217 (9th Cir. 1997) ("[j]udges are not like pigs, hunting for truffles buried in briefs" (alteration in original)).

Hana Financial's Motion also fails as a substantive matter. Pursuant to Federal Rule of Civil Procedure 50(b), a party "may file a renewed motion for judgment as a matter of law and may include an al-

ternative or joint request for a new trial under Rule 59." For a renewed motion for judgment as a matter of law, "the jury's verdict must be upheld if there is 'evidence adequate to support the jury's conclusion even if it is also possible to draw a contrary conclusion.'" *E.E.O.C. v. Go Daddy Software, Inc.*, 581 F.3d 951, 963 (9th Cir. 2009) (quoting *Pavao v. Pagay*, 307 F.3d 915, 918 (9th Cir. 2002)). To the extent Hana Financial is challenging the Court's Findings of Fact and Conclusions of Law on Hana Bank's equitable defenses, such a challenge must be made pursuant to Federal Rule of Civil Procedure 52(b), which, like Rule 50, may be accompanied by a Rule 59 motion for new trial.

Federal Rule of Civil Procedure 59 does not specify the grounds for a new trial, but courts have historically recognized several grounds, including when "the verdict is contrary to the clear weight of the evidence, is based on false or perjurious evidence, or to prevent a miscarriage of justice." *Shimko v. Guenther*, 505 F.3d 987, 998 (9th Cir. 2007) (quoting *Passantino v. Johnson & Johnson Consumer Prods.*, 212 F.3d 493, 510 n.15 (9th Cir. 2000)). "A jury verdict should be set aside only when 'the evidence permits only one reasonable conclusion, and that conclusion is contrary to the jury's verdict.'" *DSPT Int'l, Inc. v. Nahum*, 624 F.3d 1213, 1218 (9th Cir. 2010). A court "must view the evidence in the light most favorable to the nonmoving party and draw all reasonable inferences in that party's favor." *Id.* (quoting *Josephs v. Pacific Bell*, 443 F.3d 1050, 1062 (9th Cir. 2006)). When assessing the weight of evidence, "[t]he district court cannot substitute its 'evaluations for those of the jurors.'" *Tortu v. Las Vegas Metro. Police Dep't*, 556 F.3d 1075, 1084 (9th Cir. 2009) (quoting

*Union Oil Co. of Cal. v. Terrible Herbst, Inc.*, 331 F.3d 735, 743 (9th Cir. 2003)).

Hana Financial contends that there was insufficient evidence to support the jury's verdict that Hana Bank used its mark in commerce in the United States before Hana Financial first used its mark in commerce. Specifically, Hana Financial asserts that no reasonable jury could "tack" Hana Bank's use of "Hana Bank" to its earlier use of "Hana Overseas Korean Club." The Court concludes that Hana Financial's argument is unavailing. First, the Ninth Circuit previously found triable issues of fact concerning the issue of priority of use. If the Ninth Circuit believed that Hana Financial was entitled to a judgment as a matter of law on the priority issue, it would not have remanded the case to this Court for trial. Second, sufficient evidence was adduced at trial concerning Hana Bank's use of its mark in commerce in the United States prior to Hana Financial's use of its mark to support the jury's verdict. Finally, the Court notes that it gave a "tacking" instruction to the jury that was similar to the instruction Hana Financial requested. Hana Financial did not object to either the tacking instruction the Court gave or to the verdict form. Hana Financial is therefore not entitled to either a judgment as a matter of law or a new trial.

Hana Financial is also not entitled to a new trial on Hana Bank's equitable defenses. Nor will the Court amend its Findings of Fact and Conclusions of Law pursuant to Federal Rule of Civil Procedure 52(b). The Court's Findings of Fact and Conclusions of Law in favor of Hana Bank on its equitable defenses of laches and unclean hands are supported in part by the trial testimony of Hana Bank Chairman

Seung-Yu Kim, which the Court found to be very credible. While Hana Financial attempts in its Motion for New Trial to raise doubts about the veracity of Seung-Yu Kim's testimony, it presented no admissible or compelling evidence contradicting his testimony. Simply put, the evidence adduced at trial fully support's the Court's Findings of Fact and Conclusions of Law. As a result, the Court denies Hana Financial's challenge to the Judgment in favor of Hana Bank on its equitable defenses.

For all of the foregoing reasons, Hana Financial's Renewed Motion for Judgment as a Matter of Law or New Trial is denied.

IT IS SO ORDERED.

# Trial Exhibit 65, SER 172-175

## Customer Inquiry Letter with Translation

하나은행
하나 해외 이주자 문의 귀중

이곳 신문광고를 보았습니다
하나 No 1 + 신탁 (연 13.7%) 과 국내 재산관리 규정과
귀은행의 규정과 자세한 안내서를 보내주시면
감사하겠습니다 특히 송금 서비스, 대리인 규정을
함께 설명 부탁 드립니다

1994년 7월 18일

Lee, ung

Los Angeles. CA 90018

ung Lee

Los Angeles. CA 90018
U. S. A.

서울시 중구 을지로 1가 101-1
하나은행 "해외이주자 문의" 귀중

Eul-ji Ro 1 Ka 101-1
Seoul, Korea

AEROGRAMME · VIA AIRMAIL · PAR AVION

[Translation]

Hana Bank
Attention: Hana Overseas Club

I have seen your advertisement in a newspaper here. I would appreciate it if you would send me a brochure containing a detailed explanantion of the Hana No. 1 + trust (13.7% per annum) and the regulations of your club. In particular, I would like to get a detailed explanation about money remittance services as well as your power of attorney provisions, etc.

July 18, 1994

Lee, Ung
Los Angeles, CO 90018

ung Lee
Los Angeles, CA 90018
USA

Hana Bank
Attention: Hana "Overseas Club"
101-1, Euljiro 1-ga, Jung-gu, Seoul

Eul-ji Ro 1 ka 101-1
Seoul, Korea

AEROGRAMME - VIA AIRMAIL - PAR AVION

Second fold

Trial Exhibit 110, SER 179

Hana Bank Trademark

205
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The Korea Times San Fran

EAST ASIAN LIBRARY
106 DOE MEMORIAL LIBRARY (UC BERKELEY)
BERKELEY, CA 94720

호 (일간) THURSDAY, JULY 14, 1994 1994년 7월 14일 (목요일) 679 BRYANT ST., S.F., CA.94107 (415)777-1133 FAX (415)777-1338

# 「反이민」 공동대응

## 한인등 LA 아시안커뮤니티, 전담반구성

## 「SOS」주민발의안등 강력저지

[로스앤젤레스지사] 한인등 LA의 아시안 커뮤니티 관계자들은 11일 아시아 태평양 법률센터(APALC) 주선으로 이민 관계 커뮤니티 모임을 열고 최근 미 정계에 잇달아 일어나는 반 이민 움직임에 공동 대응키로 했다.

이들은 이민자들의 혜택 축소를 주요내용으로 하는 법안이 연방의회에 잇달아 제출되고 있고 주차원에서는 불법체류자에게 학교교육마저 제공하지 말자는 일명 SOS(Save Our State) 주민발의안이 제출된 사실(본보 6월 29일자 1A면 참조)을 우려하고 본격적으로 이에 대응해 나가기로 했다.

각 아시안 커뮤니티 단체·인권기관등을 대표한 50여명의 관계자들은 특히 SOS는 유혈없는 반이민 법안으로 ▲불법체류자에게는 무점부 차원의 자가 반대자보다 더 많은 것으로 밝혀져 당장 투표가 실시된다면 통과될 가능성이 크다면서 SOS가 통과된다고 해도 심각한 사회적 혼란과 긴장만 야기할 뿐 불법체류자 문제가 해결되는 것은 아니라는 점을 적극 홍보해 나가기로 했다.

이날은 이를 위해 우선 8월초까지 한인등 각 그룹대표를 망라하는 40-50명 규모의 범아시안 컨설턴을 구성한후 캘리포니아주 각처에서 동시 다발적인 반 SOS 기자회견을 갖는등 다양한 반대캠페인을 11월까지 전개, 이 주민발의안의 저지에 아시안들의 힘을 결집키로 했다.

아시안 커뮤니티가 미사회 일각에서 히기의식까지 불러 일으키고 있는 반이민 움직임에 공동대처키로 한 것은 최근들어 처음 있는 일로 이자리에는 백범 후루하니 LA고등위원, 린다 청 LA 재건위 공동위원장등 아시아계 유명인사들과 APALC의 캐롤린 리 변호사및 엔젤라 오 변호사등 7-8명의 한인들도 패널리스트로 참석했다.

전법자 김일성 조문이 웬말이냐…

▲재미 이북5도민 연합회 회원들은 12일 김일성 주석의 빈소가 마련된 신

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[워싱턴-연합] 북한의 김정일은 그간 경제 부문에 큰 관심을 보여왔으며 특히 북한에 직·간접적으로 진출해 있는 한국계 기업에 각별한 배려를 아끼지 않고 있다고 대북경제 교류 문제에 밝은 한 미소식통이 13일 전했다.

미국무부도 전날 김정일이 앞서 북한내 투자유치 문제를 협의하기 위해 남한 기업인들은 만났다고 공개적으로 밝혀 주목받은바 있다.

이들 소식통은 대우와 삼성등 적지않은 재벌 그룹들이 특히 섬유 부문등에서 북한에 직·간접 진출해 있는 것이 이미 공공연한 비밀이라면서 김정일이 이들 한국 기업에 각별한 관심을 보여왔다고 귀띔했다.

김정일은 북한의 전력난이 심각함에도 불구하고 재미동포가 사실상 투자한 기업들을 포함한 이들 한국계 회사들에는 「특별조치」를 취하도록 지시한 것으로 전해졌다.

이들 소식통은 그러나 한국 기업들이 그간 대금결제시 적지않은 불이익을 당해온데 사실이라면서 그럼에도 불구하고 「긴 안목으로 대북 투자에 주력하고 있다」고 덧붙였다.

한 소식통은 또 「최근 한국에 진출해 있는 한 서방 기업이 대북 투자방안을 구체적으로 추진중」이라고 전했다

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제일제당주식회사

# 하나은행이 어느 은행보다 높은 금리로, 국내재산을 키워드립니다.

## HANA Overseas Korean Club

국내재산 관리, 어떻게 하고 계세요? 'Euromoney'지에 의해 「'93 Best Bank in Korea」로 선정된 하나은행의 '하나해외이주자클럽'에 맡기십시오. 월등히 높은 금리로 알차게 키워드림은 물론, 내 재산처럼 철저하게 관리해 드립니다.

■ 이주하신 나라 보다 금리가 월등 높습니다.

| 국 명 | 콜예수율 | 프라임율 |
|---|---|---|
| 미 국 | 4 3 | 8.5 |
| 캐나다 | 4 5 | 8.5 |
| 뉴질랜드 | 5 0 | 14.50% 월평균수, 2% 추정마진 |
| 호 주 | 4 6 | 14.10% 월평균수, 2% 추정마진 |

■ 외국과 교역없이도 통해 세금감면에서 받을 수 있습니다.

| 국 명 | 세율비율 | 양도소득세 | | | 상속세 |
|---|---|---|---|---|---|
| | | 소득세 | 주민세 | 계(%) | 기준율 10% |
| 미 국 | 12 | 12 | 0.9 | 12.9 | 5.6 |
| 캐나다 | 15 | 15 | 1.125 | 16.125 | 5.325 |
| 뉴질랜드 | 10 | 9.3 | 0.7 | 10 | 11.5 |
| 호 주 | 15 | 13.95 | 1.05 | 15 | 6.5 |

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■ 하나은행은 IMF산하의 IFC(국제금융공사), Nomura 증권, Baring 증권, Goldman Sachs사, Philadelphia National Bank등 세계의 유수한 금융기관들이 주주로 참여하고 있는 믿을 수 있는 은행입니다.

■ 남의 나라 은행보다, 역시 내 나라 '하나은행'입니다.
• 외국 법인 송금으로 송금하거나 환전하실 때 환율을 최대한 유리하게 적용해 드립니다.
• 여러 대외업을 지정하시면 [illegible] 통장에서 송금서비스를 받으실 수 있습니다.
• 국내 타국법 환전업이 지정된 [illegible]에다 이로자로 자동예치 업무 드립니다.
• 영구 귀국하실 경우에는 1년 이상 예치 업무후에서 최고 1억원까지 대출해 드립니다.
■ 상담전화: 82(국가코드)-2(지역코드)-754-2121

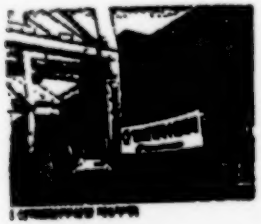
### 해외 현지취득자 모집

당신이 꿈꾸어오던 미래,
하나은행과 함께라면 보다 더 가깝습니다.

1. 응시자격
   ■ 해외에서 학사 이상의 학위 취득(예정)자, 경영, 경제, 회계, MIS 및 컴퓨터 관련학과 전공자
   ■ 1965년 1월 1일 이후 출생한 자로서 남자의 경우 병역필 또는 면제자
   ■ 국적이 대한민국이며 합격이 될 경우에 능통한 자
2. 제출서류 : 국문 이력서 1부, 대학(원) 성적증명서, 영문판 사진 1매
3. 전형방법 : 1차 서류전형 → 2차 면접전형 → 3차 신체검사 (서류전형 합격자에 한해 면접장소 및 시간 개별통지)
4. 서류제출기한 : 1994년 7월 18일 ~ 30일 (우편접수는 당일 도착분에 한함)
5. 서류제출처 : 서울시 중구 을지로 1가 101-1 하나은행 인사부 Tel. (02) 754-2121

하나은행

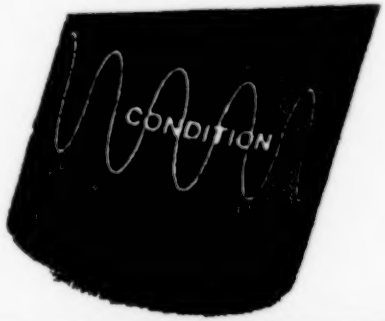
SER-2(



뉴욕, 플러모아, 로스앤젤레스, 샌프란시스코-
런디선이 미국에 왔습니다.

일본내용 드랭크 런디선은 유주관주에 아시는 기능성드랭크입니다.
한국에서는 광년 5월, 2회연말을 넘어서는 과제의 제품으로
99년 10대 히트상품으로 선정하는 등 여주기을 사이에서
인기입니다.

이제 런디선을 미국에서 만나실 수 있습니다.
뉴욕, 플러모어, L.A., 샌프란시스코로 수출을 계기로 미국의
여주기문등에도 성공을 이룰을 앞이드리겠습니다.




런디선은 유주관주에 프시면 여성성분인 구주에가 속에의 원인이 되는
압력이드의 문제을 속선시키고 일본생활능도을 강소시켜줍니다.
(서울대 의학연구소의 논문에서 확인된 바 있습니다.)
런디선은 구주에(Glucose)에 프랑에이, 탈지, 각질에제인, 천연과
수원물을 보강에서 유주에 지친 런디선을 박프에 회복시켜 드립니다.
기존선 이상을 발휘 할 수 있습니다.

일본내용 드랭크 런디선은 유주관주에 아시는 기능성드랭크입니다.
한국에서는 광년 5월, 전여주 2회연말을 넘어선 독에의 제품으로
99년 10대 히트상품으로 선정하는등 여주기을 사이에서
인기입니다.

제일제당주식회사

L.S. TRADING CO.
(10)467-9844

HB 09763

# Hana Bank Grows Your Assets in Korea at a Higher Rate of Interest than at Any Other Bank

HANA Overseas Korean Club

How are you managing your assets back in Korea? Entrust them to Hana Bank's 'Hana Overseas Korean Club', selected as the Best Bank in Korea for 1993 by Euromoney magazine.
Not only will your money grow in real terms at a substantially higher rate of interest, but it will be as carefully managed as if it was our own asset.

■ The rate of interest is momentarily higher than the country you have moved in.

| Region | Standard Rate of Interest | Method of Taxation |
|---|---|---|
| United States | 4 - 5 | Combined taxation |
| Canada | 4 - 5 | Combined taxation |
| New Zealand | 5 - 6 | Primary: 24% collected [illegible] |
| Australia | 4 - 5 | Primary: 24% collected [illegible] |

■ You may be eligible for tax discounts through a tax treaty with a foreign country.

| Region | Limited Tax Rate | Rate of Tax Collected at Source | | | Effective Tax Discount |
|---|---|---|---|---|---|
| | | Income tax | Resident tax | Total | 15% A(resident) |
| United States | 12 | 12 | 0.9 | 12.9 | 8.6 |
| Canada | 15 | 15 | 1.125 | 16.125 | 5.375 |
| New Zealand | 10 | 9.3 | 0.7 | 10 | 11.5 |
| Australia | 15 | 13.95 | 1.05 | 15 | 6.5 |

■ The Korean economy continues to grow on a solid basis and the won exchange rate is stable.
■ Foreign exchange controls are rapidly loosening up and much freer foreign exchange transactions will be possible in the future.
■ Hana Bank is a bank you can trust, as its shareholders include such eminent foreign banking institutions as the IFC (International Financial Corporation) under the aegis of the IMF, Nomura Securities, Baring Securities, Goldman Sachs, and Philadelphia National Bank.

■ It is "Hana Bank", the bank of my country, not of someone else's country.
• When remittances of funds are made to a local bank in a foreign country or when currencies are exchanged, a foreign exchange rate that is maximally advantageous to you will be applied.
• If you appoint an agent in advance, you can receive money transfer services locally.
• You will be notified promptly and in detail whenever any changes are made to the Foreign Exchange Control Rule of Korea.
• In the event of your permanent return to Korea we will loan you up to 100 million won within the limits of the balance of deposits left on account for a year or longer.
■ Phone number for consultation: 82(national code) - 2 (area code) - 754- 2121

## Overseas Degree Holders Wanted

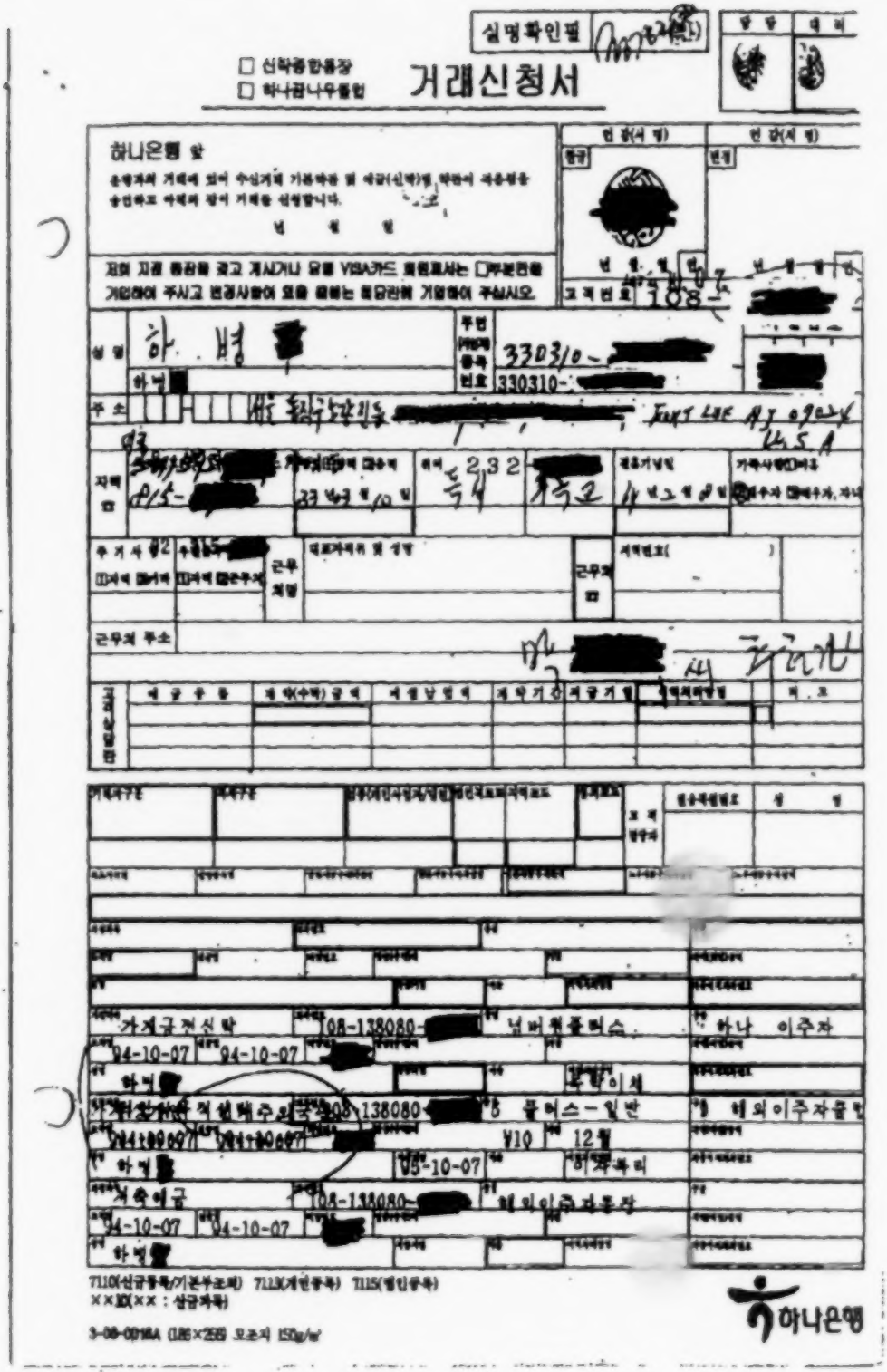
The future you dreams is a step closer if you are with Hana Bank.

1. Qualifications for Applicants
■ Holders (or prospective holders) of BA or higher degrees from overseas institutions in management, economics, accounting, MIS (Management Information System) and courses related to computers.
■ Those born after January 1, 1960, and, for males, those who have completed their military service obligations or who have been exempted from them.
■ Those whose nationality is Korean and who are fluent in Korean and English.
2. Documents to be submitted:
1 copy of a resume in Korean, College (or graduate school) report card.
1 passport size photo.
3. Method of selection:
Primary selection by inspection of documents → secondary selection by oral interviews → tertiary selection by physical examination
(Only those who pass the documentary selection process will be individually notified of the place and time of their interviews.)
4. Time for submission of documents:
July 12-30, 1994 (filed envelope will be treated in the order they arrive this day.)
5. Place of submission of documents:
Human Resources Department, Hana Bank, 101-1 Ia Ga, Ulchiro, Jung Gu, Seoul Tel. (82)754-212

Hana Bank,
existing only for the joy and satisfaction of its customers.

SER-204

EX3021-004



실명확인필

□ 신탁종합통장
□ 하나끔나우통합

# 거래신청서

하나은행 앞

손님께서 거래에 있어 수신거래 기본약관 및 여금(신탁)별 약관에 따르겠음을 승인하고 아래와 같이 거래를 신청합니다.

년 월 일

지점 지급 통장을 원고 계시거나 당행 VISA카드 회원으로서는 □에 표시를 기입하여 주시고 변경사항이 있을 경우는 해당란에 기입하여 주십시오.

고객번호 108-

성명 하. 병

하나

주민(사업자)등록번호 330310-

330310-

주소

자택 전화

직장 전화

휴대 전화

근무처

근무처 주소

거래구분 가계구좌신탁 108-138080- 넘버원플러스 하나 이주자

94-10-07 94-10-07

하나

자동이체

거래구분 적립해주외국인 108-138080- 플러스-일반 해외이주자플러

¥10 12월

하나 05-10-07 이자복리

거래구분 저축예금 108-138080- 해외이주자통장

94-10-07 94-10-07

하나

7110(신규등록/기존무조회) 7113(계인무적) 7115(법인무적)
××10(×× : 상급과목)

3-00-0018A (185×255) 모조지 150g/㎡

하나은행



CONFIDENTIAL -
ATTORNEYS EYES ONLY

# HANA OVERSEAS KOREAN CLUB 약 정 서

## (HANA OVERSEAS KOREAN CLUB AGREEMENT)

본인은 하나은행 하나 지점과 해외송금을 포함한 모든 금융거래를 함에 있어서

첫째, 아래의 각서를 확약하고

둘째, 본인이 직접 귀행을 방문할 수 없는 사정이 있는 경우에는 아래의 대리인에게 귀행과의 거래에 있어 본인의 모든 권한을 위임합니다.

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〈각 서〉

1. 본인은 HANA OVERSEAS KOREAN CLUB 가입일 현재 다음의 소득세법 시행령 제2조에 따른 비거주자임을 확약합니다.

   ① 계속하여 1년이상 국외에 거주할 것을 통상필요로 하는 직업을 가진 때.

   ② 외국국적을 가졌거나 외국법령에 의하여 그 외국의 영주권을 얻은 자가 국내에 생계를 같이하는 가족이 없고, 또 그 직업 및 자산상태에 비추어 상당기간 계속하여 주로 국내에 거주하리라고는 인정할 수 없는 때.

2. 본인은 연국에 직업 및 사업장이 없음을 확약합니다.

3. 만약 제1항 및 제2항의 사실이 거짓으로 판명됨에 따라 발생하는 모든 세무상 법률상의 문제에 대하여는 본인이 전적으로 책임을 지겠습니다.

〈대리인〉

| | | |
|---|---|---|
| 대 | 성명/주민등록번호 : 박 정 [redacted] | 320914- [redacted] |
| 리 | 주소/전화번호 : 동작구 노량진동 | [redacted] |
| 인 | 본인과의 관계 : 친 구 | |

199

신청인(본인) : 성명/날인 또는 서명 허 병 [redacted]

주민등록번호 33 0310- [redacted]

주 소 : [redacted] FORT LEE NJ 07024

전 화 번 호 201 592- [redacted]

출국 예정일 1994. 10. 07.

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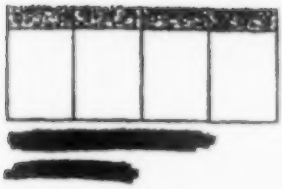
HB 10352

SER-213 EX3039-003

출력일자: 2011년02월21일(17시24분)

# 은행거래현황표(대내용)

(전체출력)



[redacted]

조 회 명 : 은행거래현황조회(대내용)　　(조회범위: 자점 전체)

지 점 명 : 양베자점(0108)

실명번호 : 330310-[redacted]　　고 객 명 : 허병[redacted]

[ 고객정보현황 ]

| | | | | | | |
|---|---|---|---|---|---|---|
| [redacted] | 330310-[redacted] | [redacted] | 허병[redacted] | | | 9- 개인-Green(일반) |
| | (158-803)서울 양천구 노현전2동[redacted] | | | | | 자택 |
| | 02-815-[redacted] | [redacted] | -- | [redacted] | -오후: 9체[redacted] | |
| | | | | | | |
| | -- | [redacted] | -- | [redacted] | [redacted] | |
| | | | | | | |
| | | | | | | 0 만원 |
| | | | | | | 0 백만 |
| | | | | | | |
| | | | | | | |

[ 소 계 표 ]

| | | | | | |
|---|---|---|---|---|---|
| [redacted] | 10 | 0 | [redacted] | 0 | 0 |
| | 10 | 0 | | 0 | 0 |
| | 10 | | | 0 | 0 |
| | 0 | 0 | | 0 | 0 |
| | 0 | 0 | | 0 | 0 |
| | 0 | 0 | | 0 | 0 |
| | 0 | | | | |
| | 0 | | | | |

[ 거래현황 ]

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 저축예금(양베) | 108-138080-[redacted] | 1 | | 1994-10-03 | KRW | 10 | | 0 | 0108 | 정덕 | |
| | | | | | 2001-08-18 | 0 | | | 비밀번 | | |
| 저축예금(양베) | 108-138080-[redacted] | 1 | | 1994-10-03 | KRW | 0 | | 0 | 0108 | | |
| | | | | | 1998-02-07 | 0 | | | 비밀번 | | |
| 저축예금(양베) | 108-138080-[redacted] | 1 | | 1998-02-07 | KRW | 0 | | 0 | 0108 | 제단출연금표 | |
| | | | | | 2008-08-25 | 0 | | | 비밀번 | | |
| 청해포괄우체권 저(양베 | 108-138080-[redacted] | 1 | | 1998-02-07 | KRW | 0 | | 0 | 0108 | | |
| 청해포괄우체권 | | 외 0 | | 1998-08-08 | 1998-02-12 | 0 | | | 비밀번 | | |
| 가계금전신탁(양베) | 108-138080-[redacted] | 1 | 04.7.7601 | 1994-10-03 | KRW | 0 | | 0 | 0108 | | |
| 닉버림플러스 | | | | | 2004-07-08 | 0 | | | 비밀번 | | |
| 가계금전신탁(양베) | 108-138080-[redacted] | 1 | | 1994-10-03 | KRW | 0 | | 0 | 0108 | | |
| 닉버림플러스 | | | | | 1998-02-07 | 0 | | | 비밀번 | | |
| 목합금전신탁(양베) | 108-138080-[redacted] | 1 | | 1998-02-12 | KRW | 0 | | 0 | 0108 | | |
| 송호준 | | 외 0 | | 2000-02-12 | 2000-02-12 | 0 | 21 | | 비밀번 | | |
| 적립식목적신탁(양베) | 108-138080-[redacted] | 1 | | 1994-10-03 | KRW | 0 | | 0 | 0108 | | |
| 닉버림플러스 | [redacted] | 외 0 | | 1998-10-07 | 2004-07-08 | 0 | 12 | | 비밀번 | | |
| 적립식목적신탁(양베) | 108-138080-[redacted] | 1 | | 1994-10-03 | KRW | 0 | | 0 | 0108 | | |
| 닉버림플러스 | [redacted] | 외 0 | | 1998-10-07 | 1998-02-07 | 0 | 12 | | 비밀번 | | |

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HB 10353

SER-214　　EX3039-004

Name Verified

□ General Trust Account
□ Hana Dream Club

# TRANSACTION APPLICATION FORM

Person in Charge | Assistant Manager

Attn. Hana Bank

I hereby accept the basic terms applicable to receiving transactions and the terms for each type of account (trust), and hereby request transactions to be performed as follows

Y M D

Seal (Signature)

New

1994.10.07 Seal

Seal (Signature)

Change

Y M D Seal

For customers with a bankbook or VISA card issued by our bank branch, please fill out only the □ portions, and fill in the relevant blanks with any changes in information.

Customer No. 108-[redacted]

Name: Ha, Byeong [redacted]

Ha, Byeong [redacted]

Resident Registration Number: 3303[redacted]

330310-[redacted]

Address: [redacted] FIRST LAKE AVENUE

USA

Home ☎: 2617593 [redacted]

Birthday (1) Solar (2) Lunar: March 30, 1933

Hobby: 232 [redacted] Reading

Christian

Wedding Anniversary: Feb 8 1964

Family (1) Single (2) Spouse (3) Spouse, Children

Residence Info (1) Home (2) Others (1) Home (2) Work

Mailing Address [redacted]

Company Name

Position and Name of Representative

Work ☎

Area Code ( )

Work Address

Mr. Park's [redacted] recommendation

Customer Details

| Account Type | Contract (Commitment) Amount | Monthly Payment | Contract Term | Payment Date | Profit Handling Method | Remarks |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |

| Customer Category | Tax category | Business type (Private business owner/ Incorporated business) | Corporate Status Code | Area Code | Liaison Code | Customer Responsibility | Soliciting Employee No. | Name |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

| First Transaction Date | New Registration Date | Branch where General Tax Benefit Account Opened | Opening Date of General Tax Benefit Account | Deposit No. Benefit Account Balance | General Money Reinvestment Tax Benefit Account Opened | Commission Tax Benefit Account Balance |
|---|---|---|---|---|---|---|
| | | | | | | |

| Title of Account | Account No. | Type | Category |
|---|---|---|---|
| Account Opening Date | New Account Date | PW | Deposit (Commitment) Amount |
| Name | Payment Date | Profit | Profit Handling Method |
| Title of Account: Household Money Trust | Account No.: 108-138080-[redacted] | Type: Number One Plus | Category: Hana Immigrant |
| Account Opening Date: 94-10-07 | New Account Date: 94-10-07 | PW [redacted] | Deposit (Commitment) Amount |
| Name: Ha, Byeong [redacted] | Payment Date | Profit | Profit Handling Method: Purpose Trust Transfer |
| Title of Account: Installment money trust | Account No.: 108-138080-[redacted] | Type: Plus - General | Category: Hana Overseas Club |
| Account Opening Date: 94-10-07 | New Account Date: 94-10-07 | PW [redacted] | Deposit (Commitment) Amount: W10 |
| Name: Ha, Byeong [redacted] | Payment Date: 95-10-07 | Profit | Profit Handling Method: Compound Interest |
| Title of Account: Savings Deposit | Account No.: 108-138080-[redacted] | Type: Compounding Interest | Category |
| Account Opening Date: 95-10-07 | New Account Date: 94-10-07 | PW [redacted] | Deposit (Commitment) Amount |
| Name: Ha, Byeong [redacted] | Payment Date | Profit | Profit Handling Method |

7110(New Registration Basic Section Search) 7113(Personal Registration) 7115(Corporate Registration)
XX10 (XX: New Item)

3-08-0016A (186×258) Imitation Paper 150g/㎡

HANA BANK

211

CONFIDENTIAL -
ATTORNEYS EYES ONLY

HB 10350

SRR-216

EX3039-006

# HANA OVERSEAS KOREAN CLUB AGREEMENT

## (HANA OVERSEAS KOREAN CLUB AGREEMENT)

I, in all financial transactions including overseas remittances at the Bangbae Branch of Hana Bank,

Firstly, commit to the oath below, and

Secondly, if I am unable to visit my bank for any reason, I assign full authority to the following individual to act as my representative in performing banking transactions.

212

<Oath>

1. I confirm that I am a non-resident according to Article 2 of the Income Tax Act at the time of joining the Hana Overseas Korean Club, and

   ① I have employment requiring continuous residence outside the country for more than 1 year.

   ② I am a foreign national, or have been granted permanent residency status by a foreign governing body and I have no familial ties, employment, or assets in this country and therefore cannot be considered a candidate for granting re-entry for the purpose of residing here.

2. I confirm that I have no employment or business in Korea.
3. If I am found not to meet clause 1 and 2 above, I will assume entire responsibility for any tax or legal issue that may arise.

<Representative>

| Representative | |
|---|---|
| | • Name/Resident Registration Number: Park, Jeong [redacted] / 320914 - [redacted] |
| | • Address/Tel: Noryangjin-dong, Dongjak-gu [redacted] |
| | • Relation to the Applicant: Friend |

199

Applicant (In-person): Name/Seal or Signature Ha, Byeong [redacted]

Resident Registration Number 330310 - [redacted]

Address [redacted]

Tel 201)592- [redacted]

Expected Date of Departure October 7, 1994

CONFIDENTIAL -
ATTORNEYS EYES ONLY

HB 10352

SER-218 EX3039-008

Date Printed: (17:24) February 21, 2011

| Person in Charge | Officer | Manager | Vice Branch Manager |
|---|---|---|---|
| | | | |

# Table of Bank Transaction Records (For Internal Use)

(Print All)

[redacted]

Screen Name: Bank Transaction Records Search (For Internal Use) ( ※ Search Parameters: All Branches)

Branch Name: Banghae Branch(0108)

Real Name No.: 330310-[redacted] Customer's Name: Ha, Byeong [redacted]

[Customer Information]

| | | | | | | |
|---|---|---|---|---|---|---|
| [redacted] | 330310-[redacted] | [redacted] | Ha, Byeong [redacted] | | | 9 - Personal – Green (General) |
| [redacted] | (156-803) Noryangjin 2-dong, Dongjak-gu, Seoul [redacted] | | | | | Home |
| [redacted] | 02-815-[redacted] | [redacted] | -- | [redacted] | -errors: 0 Items ( ) | |
| [redacted] | | | | | | |
| [redacted] | --- | [redacted] | --- | [redacted] | [redacted] | |
| [redacted] | | [redacted] | | [redacted] | | |
| [redacted] | | [redacted] | | [redacted] | | 0 ten thousand Won |
| [redacted] | | | | [redacted] | | 0 million Won |
| [redacted] | | | | [redacted] | | |
| [redacted] | | | | | | |

[Subtotal Table]

| [redacted] | | | [redacted] | | |
|---|---|---|---|---|---|
| | 10 | 0 | | 0 | 0 |
| | 10 | 0 | | 0 | 0 |
| | 10 | | | 0 | 0 |
| | 0 | 0 | | 0 | 0 |
| | 0 | 0 | | 0 | 0 |
| | 0 | 0 | | 0 | 0 |
| | 0 | | | | |
| | 0 | | | | |

[Transactions]

| [redacted] | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Savings Account (Banghae) | 108-138080-[redacted] | 1 | | 1994-10-07 | KRW | 10 | | 0 | 0108 | Miscellaneous Revenues |
| | | | | | 2001-08-18 | 0 | | | Inactive | |
| Savings Deposit (Banghae) | 108-138080-[redacted] | 1 | | 1994-10-07 | KRW | 0 | | 0 | 0108 | |
| | | | | | 1998-02-07 | 0 | | | Inactive | |
| Savings Deposit (Banghae) | 108-138080-[redacted] | 1 | | 1998-02-07 | KRW | 0 | | 0 | 0108 | Foundation Completed |
| | | | | | 2008-05-26 | 0 | | | Inactive | |
| Repurchase Agreement RP (Banghae) | 108-138080-[redacted] | 1 | | 1998-02-07 | KRW | 0 | | 0 | 0108 | |
| Repurchase Agreement | | 0/ 0 | | 1998-08-05 | 1998-02-12 | 0 | | | Inactive | |
| Household Money Trust (Banghae) | 108-138080-[redacted] | 1 | | 1994-10-07 | KRW | 0 | | 0 | 0108 | |
| Number One Plus | | | | | 2004-07-09 | 0 | | | Inactive | |
| Household Money Trust (Banghae) | 108-138080-[redacted] | 1 | | 1994-10-07 | KRW | 0 | | 0 | 0108 | |
| Number One Plus | | | | | 1998-02-07 | 0 | | | Inactive | |
| Apex Real Money Trust (Banghae) | 108-138080-[redacted] | 1 | | 1998-02-12 | KRW | 0 | | 0 | 0108 | |
| Solomon | | 0/ 0 | | 2000-02-12 | 2000-02-12 | 0 | 24 | | Inactive | |
| Installment Money Trust (Banghae) | 108-138080-[redacted] | 1 | | 1994-10-07 | KRW | 0 | | 0 | 0108 | |
| Number One Plus | | 0/ 0 | | 1998-10-07 | 2004-07-09 | 0 | 13 | | Inactive | |
| Installment Money Trust (Banghae) | 108-138080-[redacted] | 1 | | 1994-10-07 | KRW | 0 | | 0 | 0108 | |
| Number One Plus | | 0/ 0 | | 1995-10-07 | 1998-02-07 | 0 | 12 | | Inactive | |

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HB 10353

SER-219

EX3039-009

# PETITIONER'S BRIEF

RECORD
AND
BRIEFS

Supreme Court, U.S.
FILED
AUG 28 2014
OFFICE OF THE CLERK

No. 13-1211

# In the Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

v.

HANA BANK AND HANA FINANCIAL GROUP,

*Respondents.*

**On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## BRIEF FOR PETITIONER

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## QUESTION PRESENTED

To own a trademark, one must be the first to use the mark in commerce; the first to use a mark has "priority." The trademark "tacking" doctrine permits a party to "tack" the use of an older mark onto a new mark for purposes of determining priority, allowing the trademark owner to make slight modifications to a mark over time without losing priority. Trademark tacking is available where the two marks are "legal equivalents."

The question presented is:

Whether the jury or the court determines whether use of an older mark may be tacked to a newer one?

## CORPORATE DISCLOSURE STATEMENT

Hana Financial, Inc., has no parent company, and no publicly held company owns 10% or more of petitioner's stock.

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## BRIEF FOR PETITIONER

## OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-20a) is reported at 735 F.3d 1158. The district court's judgment is unreported (Pet. App. 33a).

## JURISDICTION

The judgment of the court of appeals was entered on November 22, 2013. This Court granted a timely petition for certiorari on June 23, 2014. This Court's jurisdiction rests on 28 U.S.C. § 1254(1).

## STATEMENT

Trademark rights are acquired through use; the first to use a mark has "priority" over all others who wish to use that mark or one that is confusingly similar. This case concerns the trademark tacking doctrine, which permits a party to "tack" the use of an older mark onto a new one for purposes of determining priority, allowing the trademark owner to make slight modifications to a mark over time without losing priority. The tacking doctrine is a very narrow one; to prevent trademark owners from obtaining an unfair, retroactive expansion of the monopoly protections afforded by trademark, tacking is permitted only when the two marks are "legal equivalents."

The question here is whether a judge or jury should make the determination whether tacking is permissible. The answer should be clear: the determination is appropriately made by a judge. The question posed by tacking—whether two marks are legal equivalents—is, by definition, a legal one. That question is best resolved by reference to legal precedent. It does not present a conventional question of

historical fact, the sort of question traditionally resolved by juries. And the tacking question has, historically, been resolved by courts as a matter of equity. The proof of the matter lies in the circumstances of this case: a court, applying the proper standards in the first instance, would not have reached the perverse result approved by the Ninth Circuit here, which treats as "legal equivalents" the vastly different terms HANA BANK, HANA WORLD CENTER, and HANA OVERSEAS KOREAN CLUB. The decision below should, accordingly, be reversed.

**A. Trademark law.**

1. Trademark law creates "[t]he right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons." *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879). This right "has been long recognized by the common law and the chancery courts of England and of this country." *Ibid.*

The Trademark Act of 1946, known as the Lanham Act, was enacted to "provide national protection for trademarks used in interstate and foreign commerce." *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985). In the main, it "was intended to make 'actionable the deceptive and misleading use of marks.'" *Dastar Corp.* v. *Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003) (quoting 15 U.S.C. § 1127).

The holder of a federally registered mark may bring "a civil action against anyone employing an imitation of it in commerce when 'such use is likely to cause confusion, or to cause mistake, or to deceive.'" *KP Permanent Make-Up, Inc.* v. *Lasting Impression*

*I, Inc.*, 543 U.S. 111, 117 (2004) (quoting 15 U.S.C. § 1114(1)(a)).[1] Likewise, the owner of a non-registered (*i.e.*, "common law") mark may bring an action for infringement when another's use is "likely to cause confusion about the source of a product or service." *Moseley* v. *V Secret Catalogue, Inc.*, 537 U.S. 418, 428 (2003). See 15 U.S.C. § 1125.

A party may infringe the trademark of another by using a *similar* mark where there is a "likelihood of confusion," regardless of whether the infringer uses a mark that is *identical* to the registered mark. *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992). Were the rule otherwise, it "would always enable the wrong-doer to evade responsibility for his wrongful acts." *McLean* v. *Fleming*, 96 U.S. 245, 255 (1877).

A necessary requirement for ownership of a mark is "priority" of use. "The basic rule of trademark ownership in the United States is priority of use;" "[f]or inherently distinctive marks, ownership goes to the first entity to use the designation as a mark." 2 McCarthy on Trademarks and Unfair Competition § 16:1 (4th ed. 2014). Indeed, "[a]t common law the exclusive right to [a mark] grows out of its *use*, and not its mere adoption." *In re Trade-Mark Cases*, 100 U.S. at 94. Accordingly, when different individuals use confusingly similar marks, the one who first used the mark—*i.e.*, the party who has "priority"—has the right to use the mark.

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[1] Federal registration of a mark provides constructive notice to all others of the registrant's claim of ownership, which serves to eliminate a good-faith use defense potentially available at common law. See 15 U.S.C. § 1072.

In sum, to prevail on a claim for trademark infringement, a plaintiff generally must prove (1) that it has priority of use with respect to the marks, and (2) that the defendant has used the same mark or one that is confusingly similar. See, *e.g.*, *Planetary Motion, Inc.* v. *Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir. 2001).

2. This case concerns the doctrine of trademark tacking. Courts have long recognized that it is both equitable and consistent with trademark policy to permit an owner to make minor changes to his or her marks without losing priority. See 1-3 Gilson on Trademarks § 3.03[2][g] (2014). Tacking allows, for example, modernization of a trademark without risk that the owner will lose the original priority date. In light of this purpose, however, courts have found tacking to be proper only where the two marks are, "in effect, the same" (*Humble Oil & Ref. Co.* v. *Sekisui Chem. Co.*, 165 U.S.P.Q. 597, 604 (T.T.A.B. 1970))—or, as every court of appeals to consider the issue has put it, when the old mark and the new one are "legal equivalents." *George & Co.* v. *Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Brookfield Commc'ns, Inc.* v. *W. Coast Entm't Corp.*, 174 F.3d 1036, 1047-1048 (9th Cir. 1999); *Data Concepts, Inc.* v. *Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998); *Van Dyne-Crotty, Inc.* v. *Wear-Guard Corp.*, 926 F.2d 1156, 1158 (Fed. Cir. 1991).

Under this standard, for one mark to tack to another, they must have nearly identical "visual or aural appearance;" where such similarity is lacking, "no more [is] necessary" to reject tacking. *Van Dyne-Crotty*, 926 F.2d at 1159. Moreover, for one mark to tack to another, the marks must "create[] the same, continuing commercial impression such that the con-

sumer would consider them both the same mark." *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1347 (Fed. Cir. 2001). Given these purposes and the requirement of legal equivalency, courts uniformly have recognized that trademark tacking is available in only "narrow circumstances," as the test is "exceedingly strict." *One Indus., LLC* v. *Jim O'Neal Distrib., Inc.*, 578 F.3d 1154, 1160-1161 (9th Cir. 2009). Tacking "should be sparingly applied and allowed only in 'rare instances.'" 1-3 Gilson on Trademarks § 3.03[2][g].

Examples illustrate the narrowness of the doctrine, as it consistently has been applied by the courts. Tacking was *disallowed* between the marks:

- AMERICAN MOBILPHONE and AMERICAN MOBILPHONE PAGING with an identical star and stripe design:

*Am. Paging, Inc.* v. *Am. Mobilphone, Inc.*, 13 U.S.P.Q.2d 2036, 2037-2938 (T.T.A.B. 1989), aff'd, 923 F.2d 869 (Fed. Cir. 1990).

- CLOTHES THAT WORK. FOR THE WORK YOU DO and CLOTHES THAT WORK. *Van Dyne-Crotty*, 926 F.2d at 1158-1159.
- PRO-CUTS and PRO-KUT. *Pro-Cuts* v. *Schilz-Price Enters., Inc.*, 27 U.S.P.Q.2d 1224, 1227 (T.T.A.B. 1993).
- LCR and LEFT CENTER RIGHT. *George & Co.*, 575 F.3d at 402.

In contrast, one of "the few reported cases allowing tacking" (*One Indus.*, 578 F.3d at 1161) permitted a company to tack the use of HESS'S onto HESS. *Hess's of Allentown, Inc.* v. *Nat'l Bellas Hess, Inc.*, 169 U.S.P.Q. 673, 674-675 (T.T.A.B. 1971). Compare 3 Callmann on Unfair Competition, Trademarks & Monopolies § 20:66 (4th ed. 2014) (circumstances in which tacking was rejected) with *id.* § 20:67 (circumstances in which tacking was allowed).

As these cases demonstrate, the tacking "standard is considerably higher than the standard for 'likelihood of confusion.'" *Brookfield*, 174 F.3d at 1048. "Legal equivalence for tacking purposes does not exist simply because the two marks a party seeks to tack are 'confusingly similar.'" *Data Concepts*, 150 F.3d at 623.

**B. Factual background.**

The word pronounced as "hana" means, in Korean, "number one," "first," "top," or "unity." Pet. App. 4a.[2]

Respondent Hana Bank is a Korean financial institution, established in 1971 as the Korea Investment Finance Corporation. Pet. App. 4a. In 1991, it changed its name to Hana Bank ("the Bank"). *Ibid.*[3]

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[2] The ubiquity of the word "hana" is reflected by the numerous registered U.S. trademarks employing the term, including "Hana Health & Fitness Products Corp.," "Hana Bliss" (a coffee and beverage company), "Hana J's Original" (coconut syrup), "Hana Fresh," and "Hana Health."

[3] Respondent Hana Financial Group is the Bank's holding company. Pet. App. 4a n.1.

At that time, the Bank had no operations in the United States. *Ibid.*

In May 1994, respondents established the HANA OVERSEAS KOREAN CLUB to provide financial services to U.S. residents. Pet. App. 5a. This entity first began advertising in July 1994. The advertisements, which were placed in Korean-language newspapers, were entirely in Korean, except for the term "HANA Overseas Korean Club:"

See JA205 (full size image). Additionally, some of the Korean characters in the advertisement translate to "Hana Bank." Pet. App. 5a. The advertisement also features the Bank's "dancing man" logo. *Ibid.*[4]

Petitioner Hana Financial, Inc. ("HFI") was incorporated on August 15, 1994 in California. Pet.

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[4] The advertisement that appears at JA206 is a translation that was prepared solely for purposes of this litigation. No English-language version of this advertisement was ever used in commerce.

App. 4a. Prior to incorporation, executives at HFI had discussions with the Bank as to a potential equity investment and strategic alliance, but the deal was never completed. *Id.* at 5a.

On July 16, 1996, HFI obtained a federal service mark[5] registration, U.S. Trademark Registration No. 1,987,227, for a pyramid logo with the words HANA FINANCIAL for use in connection with financial services. Pet. App. 6a. Petitioner's logo appears as:

Pet. App. 26a.

In 2000, respondents changed the name of the HANA OVERSEAS KOREAN CLUB to HANA WORLD CENTER. Pet. App. 7a. In 2001, they attempted to register a HANA BANK service mark but were unable to do so, at least in part, as a result of petitioner's federally registered mark. *Ibid.* In 2002, respondents nonetheless began operating in New York under the name HANA BANK. *Ibid.*

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[5] Under the Lanham Act, a "trademark" technically refers to the mark used for "goods" while a "service mark" is used to identify "services." 15 U.S.C. § 1127. In practice, both are often referred to as "trademarks," and the principles governing both types of mark are indistinguishable for present purposes. See *Park 'N Fly*, 469 U.S. at 191 n.1. Because HFI offers financial services, it registered for a "service mark."

### C. Proceedings below.

Following the Bank's announcement that it was entering the Los Angeles market (JA12), petitioner HFI sued respondents in 2007, asserting that the Bank infringed HFI's HANA FINANCIAL mark. JA7-25. HFI contended that it had used its HANA FINANCIAL mark as early as April 1, 1995 (JA17), and had obtained its federal mark in 1996, whereas the Bank did not begin using HANA BANK in the United States until December 2002 (JA10-11).

HFI asserted five causes of action: trademark infringement in violation of 15 U.S.C. § 1114; trademark infringement in violation of 15 U.S.C. § 1125(a); false designation of origin in violation of 15 U.S.C. § 1125(a); common law trademark infringement; and unfair competition in violation of California law. HFI sought both equitable relief barring the Bank from infringing on its mark and damages. JA22-24.

1. After an initial district court decision and an appeal that involved issues not material to the question now before the Court,[6] the district court set the

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[6] The district court initially granted summary judgment in favor of the Bank on HFI's infringement claims (JA125-126), finding that the Bank's use of HANA OVERSEAS KOREAN CLUB since July 1994 made it "the senior user of the mark" (JA126). At the same time, the court granted judgment in favor of HFI on the Bank's counterclaim that HFI became aware of the Bank's allegedly superior rights during a meeting in 1995. JA126-130. On cross-appeal, the Ninth Circuit affirmed the district court's judgment in favor of HFI on the Bank's cancellation counterclaim. JA137-138. The court of appeals reversed the district court's decision with respect to priority, finding that the Bank's July 1994 advertising did

matter for trial. Resolution of the case turned substantially on whether the Bank had priority on the theory that it could tack its use of HANA BANK to its prior use of HANA OVERSEAS KOREAN CLUB. Prior to trial, HFI filed a motion in limine to exclude the Bank's introduction of evidence relating to its use in 1994 of the name HANA OVERSEAS KOREAN CLUB (JA141-156); HFI contended that, because the "Bank's alleged use of the composite mark HANA OVERSEAS KOREAN CLUB is legally irrelevant to the issue of seniority" given that "it is entirely different from the mark HANA BANK," the Bank should not be permitted to introduce evidence relating to HANA OVERSEAS KOREAN CLUB for purposes of arguing priority. JA143. The district court denied petitioner's motion. JA159.

At trial, the Bank relied on its use of HANA OVERSEAS KOREAN CLUB in 1994 as a basis to demonstrate that its subsequent mark, HANA BANK, had priority. See, *e.g.*, JA160-163; JA167-170 (the Bank's closing argument: "how do we establish priority? You see here the advertisement that was published in July of 1994."). HFI moved for a directed verdict on the ground that the Bank could not establish priority via tacking, but the court concluded that this was "an evidentiary" issue, rather than a question of law, and it denied the motion. JA166-167.

The court accordingly instructed the jury as to tacking, telling it:

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not, "standing alone, establish 'first use' for purposes of our priority analysis." JA136. The court concluded that "genuine issues of material fact remain" as to trademark priority and remanded the case for resolution of those issues. JA137.

> A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called "tacking." The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked.

JA173.

Ultimately, the jury returned a verdict in favor of the Bank, finding tacking proper; the jury concluded that the Bank "used its mark in commerce in the United States beginning prior to April 1, 1995, and continuously since that date." JA174.

Following the verdict, HFI filed a renewed motion for judgment as a matter of law and a motion for a new trial contending, in relevant part, that "HANA BANK and HANA OVERSEAS KOREAN CLUB are materially different as a matter of law and are not 'virtually identical' as required for tacking." JA177. The court rejected HFI's motion; it considered the issue a dispute of fact and found that there was sufficient factual basis to support the jury's verdict. JA199-200.[7]

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[7] The district court also ruled in favor of the Bank on its defense of laches and unclean hands. Pet. App. 29a-31a. In doing so, it rejected the jury's advisory finding in HFI's favor on the unclean hands question. The court of appeals express-

2. The Ninth Circuit affirmed, applying circuit precedent holding "that tacking presents a question of fact." Pet. App. 12a n.5. This conclusion drove the standard of review: "As the losing party in a jury trial, HFI must show that its interpretation of the evidence is the *only* reasonable one." *Id.* at 16a. The court of appeals acknowledged that its "characterization of tacking as a question of fact is arguably dispositive." *Ibid.*

As an initial matter, the court rejected respondents' contention that they could rely simply on the word HANA to show priority. Pet. App. 11a. "The fact that a mark contains a portion of an earlier mark is not sufficient to establish tacking," the court reasoned, because the "analysis must consider the marks '*in their entirety*.'" *Ibid.*

Although the court recognized that, "[i]n isolation, the words 'Hana Overseas Korean Club,' 'Hana World Center,' and 'Hana Bank' seem aurally and visually distinguishable" (Pet. App. 15a), it found that the "jury could have reasonably concluded that the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services the Bank offered and their origin." *Id.* at 17a. This was so, the Ninth Circuit reasoned, because the Bank offered services under the name HANA OVERSEAS KOREAN CLUB and consumers in the Korean-speaking community could have knowledge of Hana Bank. *Id.* at 16a-17a.

Having made this determination, the court acknowledged that "other courts, which consider

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ly declined to rule on these defenses (see *id.* at 20a) and they are not now before this Court.

tacking a question of law, might reach a different conclusion on these facts." Pet. App. 20a. But the court found itself "bound by [its] decisions holding that tacking is a question of fact." *Ibid.*

## SUMMARY OF THE ARGUMENT

Trademark tacking is a very narrow doctrine that effectuates two policies of trademark law: it allows the owner of a mark to make minor updates to its mark without losing priority, while precluding the retroactive expansion of a trademark that could greatly extend the mark's preemptive scope. In light of these policies, tacking is permissible only when the earlier and later marks are "legal equivalents." A court, and not a jury, should determine whether that is so.

A. The question whether marks are "legal equivalents" is one of law that is suitable for judicial resolution. That is plain on the face of the enquiry, which, after all, asks whether the marks should be treated as *legal* equivalents. This question calls for application of a legal standard, guided by considerations of trademark policy—that is, whether the marks are close enough to justify tacking, in light of the law's concerns with competition and fairness—rather than a determination of historical fact. And the answer typically comes from consideration of precedent, by comparing the two marks at issue with those addressed in prior tacking cases. This is the sort of analysis that judges are best qualified to undertake.

Juries, in contrast, are not equipped to make this kind of legal determination. A jury considers its case in isolation, lacks the experience to place particular marks in context, and typically has no knowledge of the treatment accorded comparable marks in the

past. What juries *can* do is consider whether two marks are confusingly similar, as a matter of fact. But that is the test for trademark *infringement*, not the narrower standard that governs tacking; and the likelihood that juries will premise their verdicts on something like the broader factual-infringement test means that having juries conduct this inquiry will have the practical effect of expanding the tacking doctrine, with baleful effects on competition.

B. Other practical considerations confirm that trademark tacking issues should be determined by a judge. A court's resolution of the tacking issue through the application of precedent is necessary to provide trademark owners predictable rules, which is essential for owners who consider making modifications to their marks but do not want to lose priority. If tacking is, instead, treated as a question for the jury, this sort of predictability becomes impossible.

C. The conclusion that the tacking determination should be made by a judge draws further support both from historical practice and from tacking's nature as an equitable doctrine. Trademark tacking and predecessor doctrines repeatedly have been applied by courts, without the assistance of juries, for well over a century, both before and after adoption of the Lanham Act; that history shows that judges are, and always have been understood to be, well-equipped to make the tacking determination. And that is only natural, as the doctrine—like other doctrines applicable in the trademark context, such as laches and unclean hands—has its roots in equity.

D. In this case, and viewing the matter as presenting a question of law, respondents' tacking theory should not prevail. Respondents advance a claim

of *double* tacking, seeking to tack HANA OVERSEAS KOREAN CLUB to HANA WORLD CENTER and then to HANA BANK. But these purported marks are aurally and visually distinct from one another; they surely create different consumer impressions (the first suggests a social organization composed of Korean expatriates, the third a general provider of financial services); and the last mark is far broader than the earlier ones, meaning that tacking would lead to a significant retroactive expansion of the mark's preemptive effect. Because the point is not fairly debatable, and because resolution of the matter would provide guidance to the lower courts on application of tacking principles, it would be appropriate for this Court to settle the matter now.

## ARGUMENT

A judge, not a jury, should decide whether trademark tacking is appropriately applied. On the face of it, the governing question—whether two marks are "legal equivalents"—presents a question of law, of the sort that judges are well equipped to, and typically do, decide. That question is properly resolved by reference to legal policy and precedent, the sort of inquiry that is within a judge's traditional purview. At the same time, this is *not* the sort of question that a jury is well suited to decide, and requiring a jury to resolve such a question inevitably will lead to results that depart from and distort tacking doctrine. The point is confirmed by history, which shows that judges have long been assigned the role of deciding tacking issues as a matter of equity.

In the discussion that follows, we begin by describing the background and purposes of the tacking doctrine, which underlie and define the test that

governs the doctrine's applicability. We then turn to the set of particular considerations that show this decision to be one properly made by the court.

## I. Trademark Tacking Is A Question Of Law That Should Be Decided By A Court.

### A. Trademark tacking is a narrow doctrine that applies only when two marks are "legal equivalents."

1. The right to use a trademark—and the right to sue another for trademark infringement—turns on priority of use. *In re Trade-Mark Cases*, 100 U.S. at 94. Thus, the first to appropriate a mark has the principal right to use it. In the usual course, the priority date of a new mark is the time the owner first uses it in commerce.

In this setting, the creation of the trademark tacking doctrine was prompted by the view that it would be "unreasonable" if the owner of a mark could "not redecorate or reornament, or, to use a somewhat inelegant phrase, polish it up" without losing priority. *Beech-Nut Packing Co.* v. *P. Lorillard Co.*, 299 F. 834, 850 (D.N.J. 1924), aff'd, 7 F.2d 967 (3d Cir. 1925), aff'd, 273 U.S. 629 (1927). For this reason, courts found it appropriate to allow a person to "change the display of a mark at any time" so long as the new mark has the same "trademark impact" and "a single and continuing commercial impression." *Humble Oil*, 165 U.S.P.Q. at 603. In these circumstances, "where the distinctive character of the mark is not changed, the mark is, in effect, the same and the rights obtained by virtue of the earlier use of the prior form inure to the later form." *Id.* at 603-604. See also *Ilco Corp.* v. *Ideal Sec. Hardware Corp.*, 527 F.2d 1221, 1224 (C.C.P.A. 1976) (citing *Humble Oil*).

Because the rationale for tacking is that the two marks are "the same," the test for when tacking is appropriate has, from the outset, been "much narrower" than the test used to establishment trademark infringement, which is simply "whether or not the marks are confusingly similar." Saul Lefkowitz, *Tips from the TTAB*, 66 Trademark Rep. 530, 532 (1976). And it has remained a demanding standard that is "considerably higher" than the infringement test. *Brookfield Commc'ns*, 174 F.3d at 1048 (9th Cir.). See also *George & Co.*, 575 F.3d at 402 (4th Cir.) ("Legal equivalence for tacking purposes does not exist simply because the two marks a party seeks to tack are 'confusingly similar.'" (quoting *Van Dyne-Crotty*, 926 F.2d at 1159 (Fed. Cir.))); *Data Concepts*, 150 F.3d at 623 (same).

The narrowness of the tacking doctrine stems from a fundamental principle of trademark policy: a party may tack "the same or a substantially identical mark for like or similar goods" based "on the theory" that, because the marks are legally the same, no other party can be "damaged" by according continued priority to the earlier mark. *Compania Insular Tabacalera, S.A.* v. *Camacho Cigars, Inc.*, 167 U.S.P.Q. 299, 303 (T.T.A.B. 1970). See also Lefkowitz, 66 Trademark Rep. at 531-532 (Tacking turns "on the theory" that it cannot "damage[]" another party because the two marks are "the same" or "substantially identical.").

If the tacking rule were broader, a party could, years after the fact, retroactively *expand* his or her trademark rights in a way that would be both wholly unpredictable and unfair to competitors. This would skew the balance struck by Congress and the courts between the desirability of protecting trademark

rights on the one hand, and not licensing undue monopolies on the other. See *San Francisco Arts & Athletics, Inc.* v. *U.S. Olympic Comm.*, 483 U.S. 522, 563 n.23 (1987) (Lanham Act designed to "prevent 'commercial monopolization' of descriptive language in the public domain"); *KP Permanent Make-Up*, 543 U.S. at 122.

Accordingly, trademark tacking does not tolerate a retroactive *expansion* of trademark rights. It would, for example, "be clearly contrary to well-established principles of trademark law to sanction the tacking of a mark with a narrow commercial impression onto one with a broader commercial impression." *Van Dyne-Crotty*, 926 F.2d at 1160. Thus, an owner "has no right" "to change" a mark so "that it will conflict with a mark which was in use at the time of the change, and which did not conflict with the prior registration." *In re Reisch Brewing Co.*, 39 App. D.C. 445, 447 (1912).

2. Against this background, courts have implemented the statutory and common-law trademark policies incorporated in the tacking doctrine by articulating a very strict test for when the doctrine properly applies. Fundamentally, to determine whether or not a new mark alters the owner's initial monopoly—and thus whether tacking is allowed—courts consider whether the two marks are "legal equivalent[s]." *Compania Insular Tabacalera*, 167 U.S.P.Q. at 303. This is a point of agreement between the parties to this case; respondents recognize that "[t]wo marks may be tacked where they are 'legal equivalents.'" Opp. 12. Every court of appeals to consider the issue has endorsed this "legal equivalents" test. See *Van Dyne-Crotty*, 926 F.2d at 1159 (Fed. Cir.); *Brookfield*, 174 F.3d at 1048 (9th Cir.);

*George & Co.*, 575 F.3d at 402 (4th Cir.); *Data Concepts*, 150 F.3d at 623 (6th Cir.).

To guide this inquiry, courts have identified two principal considerations that are derived from the understanding that, if a new mark creates a different right of exclusion than the original, tacking is not allowed. *First*, a virtually identical "'visual or aural appearance of the marks themselves'" is essential for tacking. *Data Concepts*, 150 F.3d at 623 (quoting *Van Dyne-Crotty*, 926 F.2d at 1159). Two marks are not legal equivalents if, for example, they "do not look alike." *Id.* at 624. When the aural or visual appearance of two marks differ, "no more [is] necessary" to deny tacking—it is categorically unavailable. *Van Dyne-Crotty*, 926 F.2d at 1159. The rationale for this requirement is plain: if two marks do not look or sound alike, the monopoly those marks create will necessarily differ. And if the zone of exclusion differs, tacking is not allowed.

*Second*, "the marks sought to be tacked must create the same continuing commercial impression." *George & Co.*, 575 F.3d at 402. Where "two marks are so similar that consumers generally would regard them as essentially the same," "the new mark serves the same identificatory function as the old mark." *Brookfield Commc'ns*, 174 F.3d at 1048. But if two marks are not so similar that consumers would regard them as essentially identical, tacking would impermissibly expand the trademark owner's rights. The rationale for this requirement mirrors the first: even if the marks look and sound alike, they will nonetheless create a different monopoly if they present different commercial impressions. Once again, if the preemptive scope of the marks differ, tacking is impermissible.

Given these requirements, tacking is "narrowly construed" to reach only "those situations" where the two marks are "substantially similar," in a manner that "leave[s] no room for honest disagreement or dispute." Lefkowitz, 66 Trademark Rep. at 535. The marks must be "'virtually identical'" (*One Indus.*, 578 F.3d at 1161) and "indistinguishable" (*Quiksilver, Inc.* v. *Kymsta Corp.*, 466 F.3d 749, 758 (9th Cir. 2006)).

Experience confirms the narrowness of the doctrine. Thus, to offer only a few of the many possible examples, courts have rejected tacking between AMERICAN MOBILPHONE and AMERICAN MOBILPHONE PAGING (*Am. Paging*, 13 U.S.P.Q.2d at 2039); CLOTHES THAT WORK. FOR THE WORK YOU DO and CLOTHES THAT WORK (*Van Dyne-Crotty*, 926 F.2d at 1158-1159); and PRO-CUTS and PRO-KUT (*Pro-Cuts*, 27 U.S.P.Q.2d at 1227).

### B. The "legal equivalents" standard involves a question of law that a court must resolve.

1. Against this backdrop, whether tacking is appropriate in a particular case is a matter of law for a court to decide. That is plain on the face of the inquiry, which asks whether marks are "*legal* equivalents." This is not a simple question of historical fact; it looks, instead, at whether the marks are close enough to be regarded as *legally* "the same," a question whose answer must turn on determining the extent to which governing trademark policies permit extended monopolies. Answering that question calls for application of a quintessential "legal standard" that is the province of a judge (*Miller* v. *Fenton*, 474

U.S. 104, 114 (1985)) and that invokes a court's "power to determine the law" (*Dimick* v. *Schiedt*, 293 U.S. 474, 486 (1935)).

Indeed, as the Court has noted, "highly discretionary calculations that take into account multiple factors"—the sort of analysis called for here—"are the kinds of calculations traditionally performed by judges." *Tull* v. *United States*, 481 U.S. 412, 427 (1987). This is the sort of determination that "does not invoke a familiarity of what the Court called in *Railroad Co. v. Stout*[, 84 U.S. (17 Wall.) 657, 664 (1873),] 'the common affairs of life.'" Dorsey D. Ellis, Jr., *Punitive Damages, Due Process, and the Jury*, 40 Ala. L. Rev. 975, 1006 & n.188 (1989).

Not only is the court the correct judicial actor to resolve this kind of legal question, but only a court can create new law that will guide future tacking disputes. The nature of the governing tacking standard therefore "assigns an especially broad role to the judge in applying it to specific factual situations," because this is a rule that is "given meaning through the evolutionary process of common-law adjudication." *Bose Corp.* v. *Consumers Union of U.S., Inc.*, 466 U.S. 485, 502 (1984).

*Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996), offers a compelling analogy to the circumstance here: in that case, the Court held that the task of construing claim terms in a patent was a job for the court, not the jury. The result turned, in part, on the recognition that "[t]he construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis." *Ibid.* In just the same way, "judges, not juries, are the better suited"

both to determine what marks are close enough to warrant treatment as legal equivalents and to create new law that will control future disputes. *Ibid.*

2. Moreover, as a practical matter, tacking questions are—and have to be—resolved by comparing the two marks against those addressed in other tacking cases, and determining whether the marks at issue more closely resemble circumstances in which tacking was permitted or cases in which it was rejected. Examples are myriad.

The Fourth Circuit, for example, rejected tacking because the "case law [was] firmly against" it. *George & Co.*, 575 F.3d at 402. Comparing the marks LCR and LEFT CENTER RIGHT, the court found that the marks "look and sound different" and that a comparison against precedent showed that they are not "legal equivalents for purposes of tacking." *Ibid.* The court cited no expert report, no consumer survey, nor any other piece of evidence or historical fact. The Sixth Circuit similarly rejected tacking because "[c]ourts regularly reject efforts to tack the use of two marks that are much more similar." *Data Concepts*, 150 F.3d at 624.

And in case after case, courts have resolved questions of tacking in just the same way—by consulting precedent. See, *e.g.*, *Van Dyne-Crotty*, 926 F.2d at 1159; *Specht* v. *Google Inc.*, 758 F. Supp. 2d 570, 585 (N.D. Ill. 2010); *Miyano Mach. USA, Inc.* v. *MiyanoHitec Mach., Inc.*, 576 F Supp. 2d 868, 882 (N.D. Ill. 2008); *Children's Legal Servs. PLLC* v. *Kresch*, 2008 WL 1901245, at *1-2 (E.D. Mich. 2008), aff'd, 2009 WL 1868809 (6th Cir. 2009); *H.E. Butt Grocery Co.* v. *Innovative Foods L.L.C.*, 2003 WL 22988721, at *3-4 (T.T.A.B. 2003); *Pro-Cuts*, 27

U.S.P.Q.2d at 1225; *Viviane Woodard Corp.* v. *Roberts*, 181 U.S.P.Q. 840, 841 (T.T.A.B. 1974) ("'ALTER EGO' is clearly not the same mark as 'EGO', per se"); *Compania Insular Tabacalera*, 167 U.S.P.Q. at 303; *Lever Bros. Co.* v. *Hillyard Enters., Inc.*, 147 U.S.P.Q. 369, 369-370 (T.T.A.B. 1965).

Even decisions in the Ninth Circuit, where the standard is putatively a factual one, rarely involve anything more than an application of precedent. In *One Industries*, 578 F.3d at 1161, for example, the court concluded that tacking was unavailable between these two marks:

Instead of looking to any extrinsic evidence, the court of appeals consulted precedent. *Id.* at 1161-1162. It noted that, "[a]lthough both marks consist of a styled O followed by an apostrophe," the marks were nonetheless too different for tacking. *Id.* at 1161. The "apostrophes are markedly different;" the "lower and upper horizontal lines" are different; and while one mark "is boxy," the other "looks like the outline of a lemon." *Ibid.* For these reasons, it found the marks were most similar to cases in which tacking was denied. *Ibid.* Other decisions in that circuit have done likewise. See, *e.g.*, *Hansen Beverage Co.* v. *Cytosport, Inc.*, 2009 WL 5104260, at *5 (C.D. Cal. 2009) ("Defendant's MONSTER MILK cannot 'tack' on the rights of MONSTER FOOD.").

3. A jury, by contrast, is not equipped to make this kind of legal determination. Jurors posed with a tacking inquiry labor under a significant handicap

that derives from the nature of the institution. A jury considers its case in isolation; it lacks the information and experience needed to place the particular marks in context, and it typically has no knowledge of the treatment accorded comparable marks in the past. A jury is therefore far less able than a judge to take account of the relevant trademark policies. Moreover, of course, because it is the role of the jury to make factual findings, not legal determinations, a jury is incapable of creating law that will guide future cases. These are the unique functions of a judge. See *Dimick*, 293 U.S. at 486.

What a jury *can* do, by contrast, is consider whether two marks are confusingly similar, as a matter of fact. But this is the test, not for trademark *tacking*, but for trademark *infringement*. See *KP Permanent Make-Up*, 543 U.S. at 117. Posing the tacking question to the jury therefore is sure to lead to distorted outcomes. At best, a jury will find itself at sea if asked whether two marks are "legal equivalents." At worst, jury verdicts will inappropriately expand the scope of the tacking doctrine as juries inevitably, and improperly, focus on the likelihood of confusion as the controlling test. Such a broadening of the tacking standard would cause anticompetitive results that are incompatible with the balance this Court has struck between trademark rights and the rights of competitors in the marketplace.

This case highlights the anticompetitive results that often would flow from treating tacking as a question of fact for a jury. Respondents' essential contention is that its use of HANA OVERSEAS KOREAN CLUB entitles it to priority on its later mark HANA WORLD CENTER, which in turn entitles it to priority for HANA BANK. But neither of the

two earlier marks made mention of banking or financial services. Despite these substantial differences among the marks, respondents maintain that their use of the earlier mark effectively created a monopoly over *all* possible uses of HANA. If accepted, respondents' tacking theory would substantially enlarge their trademark rights, years after the fact, to the detriment of market competitors. That assertion should have been put to the court.

### C. Pragmatic considerations confirm that trademark tacking is an issue of law for a judge.

In addition to the considerations of institutional suitability addressed above, pragmatic concerns confirm that trademark tacking should be resolved by a judge. When an issue "falls somewhere between a pristine legal standard and a simple historical fact," the Court will consider, "as a matter of the sound administration of justice," whether "one judicial actor is better positioned than another to decide the issue in question." *Miller*, 474 U.S. at 114. That is, "functional considerations also play their part in the choice between judge and jury." *Markman*, 517 U.S. at 388.

Two such considerations point decisively in favor of the conclusion that trademark tacking is a question of law. *First*, a court's resolution of the tacking issue through application of case law is necessary to provide trademark owners predictable results. *Second*, viewing tacking as a question of law greatly enhances efficiency, thus saving judicial and private resources.

*1. Treating tacking as a matter of law is essential to predictable trademark rights.*

The rules governing intellectual property rights must be predictable. See H.R. Rep. No. 113-279, at 17 (2013) ("A fair, efficient, and reliable patent system will continue to stimulate the investment in innovation that is necessary in today's technologically complex world."). Indeed, the Court's holding in *Markman* was motivated, in part, by the "importance of uniformity in the treatment of a given patent," as a "'zone of uncertainty'" would discourage innovation. 517 U.S. at 390.

Those concerns are particularly compelling with respect to trademark tacking. When trademark owners consider making alterations to their valuable marks, they require predictability. And predictability is possible only if existing case law has a binding effect on future decision-makers.

This point is both obvious and fundamental. In deciding whether to change the name of a product or service, a trademark owner may need to determine whether the new mark may link its priority to the old one. If the company owner is, for example, to make an alteration to a significant product line, it will want to have confidence that it can protect the new mark.

If tacking is a question of law, this task is relatively straightforward: the owner will evaluate tacking jurisprudence, find the most analogous cases, and consider the proposed name changes against this case law. (The Callman treatise, for example, helpfully lists several examples where tacking was rejected, 3 Callmann on Unfair Competition § 20:66, and where it was permitted, *id.* § 20:67.) Viewing

this precedent, the owner can make a realistic assessment of whether or not a court would permit tacking for particular proposed names; when a court decides trademark tacking, it can "identify[] recurrent patterns" and "advance uniform outcomes." *Thompson* v. *Keohane*, 516 U.S. 99, 113 n.13 (1995). Even in the absence of "a 'definite rule,'" courts "nonetheless can reduce the area of uncertainty." *Ibid.* But if, instead, tacking is a question for the jury, this sort of reasonable predictability becomes impossible.

*2. Resolving tacking as a matter of law aids in efficient dispute resolution.*

Treating tacking as a matter of law also ensures efficient dispute resolution. Trademark tacking is often dispositive of an infringement claim; here, for example, the finding of priority served as a full defense to HFI's claims. When tacking is viewed as a matter of law for the court, a judge can decide the tacking issue whenever most appropriate, including—if warranted—at the outset of a case. Providing a court such flexibility will simplify trademark proceedings, saving both private and judicial resources.

Such efficiency considerations contributed to the Court's decision in *Markman*; "judicial efficiencies supported allocation of claim construction determinations to the court rather than the jury." *Lighting Ballast Control LLC* v. *Philips Elecs. N. Am. Corp.*, 744 F.3d 1272 1304 (Fed. Cir. 2014) (en banc) (O'Malley, J., dissenting). Once again, the *Markman* claim construction process provides a suitable model: a district court may, if it believes most efficient, resolve questions of tacking at an early juncture in the proceeding.

### D. The potential for subsidiary factual questions—which rarely arise in tacking cases—does not alter the conclusion that tacking is a question for the court.

As we have shown (see *supra*, 22-24), tacking rarely involves *any* disputed question of historical fact. In practice, the vast majority of tacking disputes are resolved simply by the court's consideration of the two marks and review of precedent.

Pointing to the McCarthy treatise, which suggests that tacking is a question of fact (see 3 McCarthy on Trademarks and Unfair Competition § 17:26 (4th ed. 2014)), respondents nevertheless have argued that tacking may, on occasion, involve subsidiary factual disputes—such as the significance of market surveys or expert reports. See Opp. 23. Such extrinsic evidence, respondents have contended, may inform the aspect of trademark tacking that looks to whether two marks create the same consumer impression. This contention, however, misses the mark.

As an initial matter, very few tacking disputes actually present any such dispute of historical fact. This case is representative: respondents did not present survey or expert evidence as to how consumers would view the differences among the marks HANA OVERSEAS KOREAN CLUB, HANA WORLD CENTER, or HANA BANK. The sole inquiry was the legal relevance of those different marks. And this case is typical, as we have shown (see *supra*, 22-23); courts usually resolve tacking disputes through application of precedent, without resolution of any factual disputes. Although there may be occasional exceptions to the general practice, the approach to

tacking should be controlled by the norm, not the exception.

More importantly, the standard for tacking remains legal in nature, even if resolution of the case does implicate subsidiary questions of disputed fact. As the Court has long recognized, questions often "fall[] somewhere between a pristine legal standard and a simple historical fact." *Miller*, 474 U.S. at 114. And courts regularly resolve disputed questions of fact in the course of making legal determinations.

Thus, in *Markman*, the Court held that claim construction—that is, construing the meaning of terms in a patent claim as they would be understood by a person of ordinary skill in the relevant art—is a question solely for the judge. The Court reached this conclusion despite its recognition that claim construction is a "mongrel practice" where the court often construes the terms of a patent claim "following receipt of evidence." *Markman*, 517 U.S. at 378. The Court expressly acknowledged that claim construction frequently requires "credibility determinations" and "choos[ing] between experts" who dispute how one skilled in the art would understand a particular term. *Id.* at 389. But these "evidentiary underpinnings" nevertheless are "subsumed" within the overarching legal determination. *Id.* at 389-390.

Indeed, in practice, such secondary factual disputes arise in a substantial number—if not the majority—of cases involving claim construction. See, *e.g.*, *Teva Pharm. USA, Inc.* v. *Sandoz, Inc.*, 723 F.3d 1363 (Fed. Cir. 2013), cert. granted, 134 S. Ct. 1761 (2014) (No. 13-854); *Lighting Ballast Control*, 744 F.3d at 1283-1286. Yet, because the ultimate inquiry is a question of law, a court resolves these subsidiary

factual questions. In just the same way, trademark tacking is a question of law solely for the court even if, in unusual circumstances, the determination may involve a subsidiary factual dispute.

To be sure, if a district court makes a factual determination in the course of resolving a tacking dispute, that aspect of the decision arguably could be entitled to some degree of deference on appeal. See Fed. R. Civ. P. 52(a)(6); *Teva Pharm. USA*, No. 13-854; *Highmark Inc.* v. *Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1747-1748 (2014). But far from undermining our argument, *Teva*, *Highmark*, and related jurisprudence underscore the frequency with which courts *do* resolve factual disputes in the course of deciding legal questions.

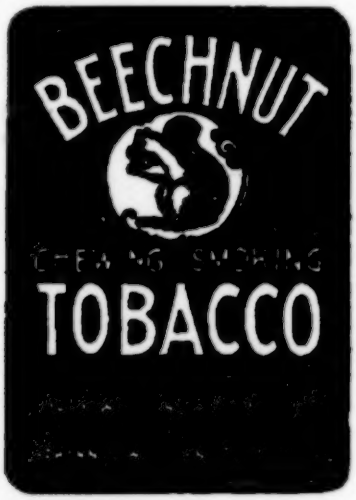
## II. Courts, Not Juries, Historically Resolved Trademark Tacking.

The conclusion that the tacking determination should be made by a judge draws further support both from historical practice and from tacking's nature as an equitable doctrine. See generally *Tull*, 481 U.S. at 427. This history demonstrates that judges are in fact, and long have been seen as, best suited to resolve tacking issues.

### A. Courts have always resolved tacking questions.

Although the term "trademark tacking" is of relatively modern vintage, the doctrine itself has long been an element of trademark law, given the practical reality that trademark owners occasionally make alterations to their marks, often in an effort to modernize. And courts have consistently decided whether tacking is proper without the assistance of a jury.

The *Beech-Nut Packing* case provides a telling early example. In 1897, the Harry Weissinger Tobacco Company began selling chewing tobacco under the mark BEECHNUT:




299 F. at 850. That company's trademark rights were eventually acquired by the P. Lorillard Company, which, in 1915, introduced a chewing tobacco under the name BEECH-NUT that featured different packaging:

*Id.* at 835-840 (image cropped).

Lorillard was sued by the Beech-Nut Packing Company, which sold food products under the name

BEECH-NUT. For example, one of the Packing Company's labels appeared as:

*Id.* at 837.

The plaintiff contended that, in altering the tobacco label from the original, Lorillard had "abandoned" its rights to the earlier mark. *Beech-Nut Packing*, 299 F.3d at 845. But the district court rejected this contention: it would be "unreasonable" "[t]o hold that the rightful owner of an established trade-name may not redecorate or reornament, or, to use a somewhat inelegant phrase, polish it up." *Id.* at 850. Thus, the addition of a hyphen and the change of surrounding images did not cause Lorillard to lose priority with respect to its first use of BEECHNUT. *Id.* at 851. The court decided the issue itself, without extrinsic evidence, as a question of law.

This Court subsequently affirmed. *Beech-Nut Packing*, 273 U.S. at 632. Although the Harry Weissinger Tobacco Company first began using BEECHNUT in 1897, the plaintiff nonetheless contended that the right to this mark "has been lost by abandonment." *Id.* at 631. This Court disagreed: that some "adjuncts" of the mark "were changed" did "[n]othing" to make Lorillard's "position worse." *Id.*

at 631-632. The Court was able to reach this conclusion on its own, without recourse to extrinsic evidence or the assistance of a jury.

The same year that this Court affirmed in *Beech-Nut Packing*, the Ninth Circuit similarly treated tacking as a question for the court. In *John Morrell & Co.* v. *Hauser Packing Co.*, 20 F.2d 713, 713 (9th Cir. 1927), the plaintiff had, since about 1880, marketed cured meats under the name "Morrell's Pride," among others. In 1907, the defendant began to market meats under the name "Hauser's Pride." *Ibid.* The plaintiff subsequently obtained a trademark registration on the word "Pride" alone and then sued defendant for infringement. *Ibid.* The court of appeals rejected the plaintiff's effort to tack its "Pride" mark to its earlier mark; the plaintiff thus could not show that its "Pride" mark had priority over the defendant's usage. *Id.* at 714. The court decided this itself, without any role for a jury or disputed question of fact.

Likewise, the D.C. Circuit affirmed the Commissioner of Patent's application of tacking in 1922. There, a merchant had registered the "X-Ray" trademark for hair tonic, claiming use on handwritten labels since May 1913; his competitors "claim[ed] to have adopted the same mark for a like product in 1915." *Worden* v. *Cannaliato*, 285 F 988, 989 (D.C. Cir. 1923). The Commissioner had found it "immaterial" that, in 1918, the merchant had altered the label to add a "picture of a woman," as the "X-Ray" word was "the essential feature of the mark." *United Barber's Serv. Co.* v. *Cannaliato*, 12 Trademark Rep. 265, 265 (Comm'r Patents 1922). See also *In re Reisch Brewing Co.*, 39 App. D.C. at 447 (rejecting

tacking as the new mark would have conflicted with a previously adopted mark of a competitor).

Following the adoption of the Lanham Act, courts approached tacking in just the same manner. For example, in *Perfectform Corp.* v. *Perfect Brassiere Co.*, 256 F.2d 736, 738-739 (3d Cir. 1958), competitors sold brassieres under the trademark PERFECT FORM. The defendant claimed priority based on its earlier use of PERFECT BRA and PERFECT. *Id.* at 739-740. The Third Circuit rejected this theory as a matter of law: the defendant lacked priority because its "prior use of Perfect * * * gave it no rights in Perfectform." *Id.* at 744.

The Court of Customs and Patent Appeals (the predecessor to the Federal Circuit) also rejected a party's effort to tack their later use of the mark NU-MAID to the earlier use of NUT MAID. *Salem Commodities, Inc.* v. *Miami Margarine Co.*, 244 F.2d 729, 731 (C.C.P.A. 1957). Without reference to extrinsic evidence, the court concluded that, although the marks differ "only by one letter and a hyphen, the significance of the two marks is entirely different." *Ibid.*

In numerous other cases, tacking was decided by the court, without any consideration of extrinsic evidence or role for the jury. See, *e.g.*, *Drexel Enters., Inc.* v. *Richardson*, 312 F.2d 525, 527 (10th Cir. 1962) ("A mere change in form of a mark is not of itself an abandonment of the previous form or of a trademark."); *Miami Credit Bureau, Inc.* v. *Credit Bureau, Inc.*, 276 F.2d 565, 568 (5th Cir. 1960) (owner did not abandon its priority by changing to mark that was "obviously synonymous" if not "grammatical

equivalent"); *Vacuum-Elecs. Corp.* v. *Elec. Eng'g Co.*, 150 U.S.P.Q. 215, 216 (T.T.A.B. 1966).

That courts, for more than a century, have had no difficulty deciding tacking cases without the assistance of a jury is highly suggestive; it confirms that courts are, and always have regarded themselves as being, well equipped to make this determination.

**B. Tacking is an equitable doctrine.**

Moreover, the central role of the judge in resolving questions of tacking is only natural, as the doctrine itself stems from equity. It is the role of a court—not the jury—to apply equitable rules. See generally, *e.g.*, *Markman*, 517 U.S. at 376-377. Tacking is thus similar to unclean hands, laches, and other equitable doctrines that have long been important elements of trademark law. In fact, even outside the context of trademark law tacking has always been viewed as a doctrine of equity.

1. Trademark law has substantial roots in the English courts of equity, as a principal objective of a trademark action is to enjoin the infringer. See, *e.g.*, *Millington* v. *Fox*, 40 E.R. 956 (Ct. Chancery 1838). Law derived from the English chancery courts, as well as the common law, formed the basis of U.S. trademark jurisprudence. See *In re Trade-Mark Cases*, 100 U.S. at 92. Thus, early American trademark cases often proceeded as equity actions. See, *e.g.*, *Joseph Schlitz Brewing Co.* v. *Houston Ice & Brewing Co.*, 250 U.S. 28, 29 (1919) ("This is a bill in equity brought to restrain the use of a trade-mark."); *In re Trade-Mark Cases*, 100 U.S. at 92.

As a result, trademark law is characterized by equitable doctrines that are resolved solely by the court. Laches is such a "traditional equitable de-

fense[]" available in trademark actions. *San Francisco Arts & Athletics*, 83 U.S. at 531 n.6. See also *La Republique Francaise* v. *Saratoga Vichy Spring Co.*, 191 U.S. 427, 437 (1903). Unclean hands is another equitable doctrine. See, *e.g.*, *Clinton E. Worden & Co.* v. *Cal. Fig Syrup Co.*, 187 U.S. 516, 528 (1903); *Manhattan Med. Co.* v. *Wood*, 108 U.S. 218, 222 (1883). The Lanham Act itself recognizes "equitable principles" as defenses to infringement actions. 15 U.S.C. § 1115(b)(9). And there is no doubt that questions arising under these equitable doctrines are resolved by a court—not the jury. See *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1978 (2014); *Markman*, 517 U.S. at 377; *Saratoga Vichy Spring Co.*, 191 U.S. at 437; *Smith* v. *World Ins. Co.*, 38 F.3d 1456, 1462 (8th Cir. 1994) ("[T]he determination of equitable defenses and equitable remedies is a matter for the court to decide, not the jury.").

Trademark tacking is in the same family. It is a doctrine that remedies the otherwise "unreasonable" results that would flow from a strict application of priority principles. *Beech-Nut Packing*, 299 F.3d at 850. Tacking introduces "flexibility," and thus "avoid[s] 'mechanical rules'"—hallmarks of an equitable doctrine. *Holland* v. *Fla.*, 560 U.S. 631, 649-650 (2010). Indeed, tacking is an adjunct to "the well known principle which governs a Court of Chancery, that between merely equitable claimants, each having equal equity with the other, he who hath the precedency in time, has the advantage in right." *Fitzsimmons* v. *Ogden*, 11 U.S. (7 Cranch) 2, 18 (1812). And, because tacking sounds in equity, it is for the court—and the court alone—to resolve its application.

2. It therefore is no surprise that, outside the specific context of trademark law, "tacking" is broadly recognized as an equitable doctrine. For example, through the nineteenth century, and even prior to the adoption of the Constitution, courts recognized "tacking" as an equitable principle in the context of priority for mortgages on estates, where a junior lien holder could tack his or her lien to a senior mortgagee to gain priority over intermediary lien holders. See, *e.g.*, *Decatur Charcoal Chem. Works* v. *Moses*, 7 So. 637, 638 (Ala. 1890) (Tacking "is an equitable principle, and, if not agreed to by the senior mortgagee, can only be enforced in equity."); *Peabody* v. *Patten*, 19 Mass. 517, 552 (1824); *Preston* v. *Crofut*, 1 Conn. 527, 535 (1811) (the "tacking" principle is "admitted in equity"). This "doctrine of tacking * * * was well established in the English chancery" as well as "in the anterevolutionary cases." *Downing* v. *Palmateer*, 17 Ky. 64, 70 (1824). As Justice Story remarked, "whatever may be thought as to the foundation of the doctrine of tacking in Court of Equity, it is now firmly established." Joseph Story, *Commentaries on Equity Jurisprudence* § 421 (1855).[8]

Additionally, tacking may exist for purposes of adverse possession between "successive, uninterrupted possessions by persons between whom privity exists." *Bonds* v. *Smith*, 143 F.2d 369, 370 (D.C. Cir. 1944). See also *Ringstad* v. *Grannis*, 171 F.2d 170,

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[8] Although the use of tacking in this context waned in the post-revolutionary period as U.S. states shifted to a registry of deeds to determine mortgage priority (see, *e.g.*, *Peabody*, 19 Mass. at 552), tacking was regarded as an equitable doctrine.

174 (9th Cir. 1948); Tacking, *Black's Law Dictionary* (9th ed. 2009) ("The joining of consecutive periods of possession by different persons to treat the periods as one continuous period.").

This history strongly suggests that the resolution of tacking issues, in trademark as well as other contexts, involves equitable considerations that are properly left to the court.

## III. Respondents' Trademark Tacking Theory Fails As A Matter Of Law.

In this case, the district court's submission of the trademark tacking question to the jury, to be resolved as a question of fact, led to the wrong result. Even the court of appeals seems to have acknowledged that, were tacking viewed a question of law, petitioner would prevail. Pet. App. 20a. Because that point is beyond reasonable dispute, and because resolution of the question by this Court would provide considerable guidance to the lower courts on proper application of tacking doctrine, we urge the Court to hold not only that the tacking issue is one for a court, but also that tacking is inapplicable in this case.

1. If tacking is a question of law for a judge, to be adjudicated against the background of case law, it is apparent that respondents' *double* tacking theory cannot prevail. HANA OVERSEAS KOREAN CLUB cannot properly be tacked to HANA WORLD CENTER. Nor can HANA WORLD CENTER be tacked to HANA BANK. Respondents' central contention in this matter—that their use of HANA BANK in 2001 was the legal equivalent of their use of HANA OVERSEAS KOREAN CLUB in 1995—is therefore wholly insupportable; it is like saying that "Beechnut

Chewing Gum" is the legal equivalent of "Beechnut Roller Derby."

*First*, as the court of appeals itself acknowledged, the marks are "aurally and visually distinguishable." Pet. App. 15a. That conclusion—undoubtedly correct—should foreclose respondents' tacking theory. Once it is established that the marks "do not look alike" (*Data Concepts*, 150 F.3d at 624), "no more [is] necessary" to deny tacking (*Van Dyne-Crotty*, 926 F.2d at 1159).

A comparison to established case law confirms that these marks are too different to allow tacking. They are far more disparate than were the marks in many circumstances where tacking was denied, such as those involving CLOTHES THAT WORK. FOR THE WORK YOU DO and CLOTHES THAT WORK, (*Van Dyne-Crotty*, 926 F.2d at 1158-1159), or PRO-CUTS and PRO-KUT (*Pro-Cuts*, 27 U.S.P.Q.2d at 1227).

*Second*, tacking should be unavailable here because the marks create different consumer impressions. HANA OVERSEAS KOREAN CLUB suggests a social club or membership organization that is specifically targeted to Korean expatriates. HANA WORLD CENTER, by contrast, has no definite or specific meaning. And HANA BANK suggests, unlike the other marks, the provision of financial services. Ultimately, there is no basis to conclude that HANA OVERSEAS KOREAN CLUB provides a nearly identical consumer impression to HANA BANK.

Viewing this as a question of law, there is little doubt that a court would reject tacking on this basis, too. Thus, in *American Paging Inc.*, 13 U.S.P.Q.2d at 2039, the TTAB noted that the marks AMERICAN

MOBILPHONE and AMERICAN MOBILPHONE PAGING, using a nearly identical graphic, were "visually * * * quite similar." But tacking was nonetheless denied because they offered a different "connotation" as the second mark was "more informative and hence legally different" than the first. *Ibid.*

Likewise, in *Sterling Bank* v. *Sterling Bank & Trust, FSB*, 928 F. Supp. 1014, 1021 (C.D. Cal. 1996), a district court held that STERLING SAVINGS BANK and STERLING BANK AND TRUST were not legal equivalents for purposes of tacking. The second "mark imparts more information to the consumer than the registered mark" and thus does not create the "same commercial impression." *Id.* at 1021-1022.

In just the same way, HANA BANK provides information that is quite different from either HANA OVERSEAS KOREAN CLUB or HANA WORLD CENTER, as it makes clear that the entity actually offers financial services. It thus creates a different, non-identical consumer impression.

*Third*, tacking is unavailable because respondents' last mark—HANA BANK—is a broader, more general mark than their earlier ones. To avoid the danger that trademark owners will retroactively expand the preemptive scope of their marks, courts generally reject tacking claims when the later mark has "a broader commercial impression" than the earlier one. *Van Dyne-Crotty*, 926 F.2d at 1160. See also, *e.g.*, *Corporate Fitness Programs, Inc.* v. *Weider Health & Fitness, Inc.*, 2 U.S.P.Q.2d 1682, 1690-1691 (T.T.A.B. 1987) (rejecting effort to tack earlier mark SHAPE UP to later, broader mark SHAPE).

Here, HANA BANK—which suggests a financial institution—has a significantly broader commercial impression than the earlier marks. HANA OVERSEAS KOREAN CLUB, again, suggests a social organization that is made up of expatriate Koreans. It is thus a substantially more limited mark. Likewise, HANA WORLD CENTER, whatever it means, does not in any way indicate the provision of financial services. If respondents could obtain priority for the broad HANA BANK mark based on use of these earlier, more narrow marks, it would cause the precise anticompetitive problems we have identified. See *supra*, 17-18.

2. In opposing certiorari, respondents made additional arguments concerning the application of tacking to this case. They contended that the relevant mark was simply HANA, and thus that they could prevail without using a trademark tacking theory at all. The court of appeals properly rejected this argument, concluding that "a tacking analysis must consider the marks '*in their entirety* to determine whether each conveys the same commercial impression' such that they 'possess the same connotation in context.'" Pet. App. 11a (quoting *Van Dyne-Crotty*, 926 F.2d at 1160). Indeed, in other settings, this Court has long explained that "[t]he commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail." *Estate of P.D. Beckwith, Inc.* v. *Comm'r of Patents*, 252 U.S. 538, 545-546 (1920). Given that marks may not be so segregated even for purposes of infringement analysis, it is certainly error, in the context of tacking, to "evaluate[] the overall commercial impression on the basis of only a portion of the two expressions." *Ilco Corp.*, 527 F.2d at

1225. The whole marks, not deconstructed portions, are at issue.[9]

Respondents would get no further in contending that they may establish tacking by virtue of their use of a Korean language version of HANA BANK in their advertising. Opp. 29-30. The court of appeals expressly did not reach this issue. Pet. App. 17a. In any event, although respondents rely on the doctrine of foreign equivalents, that theory relates to trademark *infringement*, not trademark tacking. See *Palm Bay Imports, Inc.* v. *Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1376-1377 (Fed. Cir. 2005). Given that tacking calls for application of a substantially stricter standard than does infringement, there is no basis to permit tacking on the basis of foreign equivalents, as it would create a broad, anticompetitive tacking doctrine. And even if the doctrine applied, it is limited to circumstances in which "it is likely that the ordinary American purchaser would 'stop and translate [the word] into its English equivalent.'" *Id.* at 1377. The average American consumer would not translate Korean characters into English.

Additionally, in opposing certiorari, respondents offered alternative grounds on which they could prevail, unrelated to trademark tacking, including unclean hands and laches. See Opp. 29-30. But the court of appeals expressly did "not reach" these al-

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[9] For similar reasons, any contention by respondents that they have consistently used their "dancing man" logo (see Opp. 27) would be misplaced. Consistent use of an image is not relevant to whether two different marks may be tacked together. See *Salem Commodities*, 244 F.2d at 731.

ternative arguments. Pet. App. 20a. Such issues, accordingly, are questions for remand. See *Fitzgerald* v. *Barnstable Sch. Comm.*, 555 U.S. 246, 260 (2009).

## CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted.

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AUGUST 2014

# RESPONDENT'S BRIEF

No. 13-1211

IN THE

# Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

*v.*

HANA BANK AND HANA FINANCIAL GROUP,

*Respondents.*

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

## BRIEF OF RESPONDENTS


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## QUESTION PRESENTED

Whether the jury or the court determines when use of an older trademark may be tacked to a newer one for trademark priority purposes.

## CORPORATE DISCLOSURE STATEMENT

Hana Bank is a wholly owned subsidiary of Hana Financial Group. Hana Financial Group has no parent company and no publicly held company owns 10% or more of Hana Financial Group's stock.

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## STATEMENT OF THE CASE

Superior trademark rights belong to the party that was first to use its mark in commerce, not the party that was first to register it. So, the "first use" or priority date of a mark is central to any infringement analysis. In the vast majority of cases, this is a simple inquiry because both parties have used their marks unchanged over time. On rare occasion, however, one of the parties may have altered its mark over time in response to market trends or simply to freshen up its brand image. Or, it may have translated its mark into another language to better communicate with target consumers.

When a mark is altered, the question arises whether the alteration resets the priority clock, or whether the trademark owner may "tack" its use of the altered mark onto its original mark to retain the benefit of its earlier priority date. Tacking is permissible when both marks convey to consumers a "continuing commercial impression." This involves a subjective assessment of how consumers perceive the marks as they appear in the marketplace.

Here, petitioner Hana Financial, Inc. ("HFI") claims that respondent Hana Bank has infringed upon the mark HANA FINANCIAL by using the mark HANA BANK in connection with competitive financial services. Hana Bank has responded that it, rather than HFI, was first to use its mark in domestic commerce, and this priority constitutes an absolute defense to HFI's infringement claim.

Hana Bank's priority derives from a domestic advertising campaign it launched in July 1994, the year

before HFI came into existence. Hana Bank published an advertisement in a Korean language publication circulated to Korean-Americans and Korean expatriates living in the United States. The bulk of the ad was in the Korean language. The name "Hana Bank" appeared seven times in Korean, while "HANA Overseas Korean Club" appeared in English. Based upon this advertisement, a jury decided that Hana Bank has trademark priority.

More than three years earlier, the district court had reached the same conclusion in favor of Hana Bank on summary judgment. HFI appealed that decision and demanded a jury trial on this issue of priority. A divided Ninth Circuit panel remanded the case for trial. Dissatisfied with the results of that trial, HFI again appealed, and this time argued that the jury's priority verdict was erroneously premised on tacking of the phrase "HANA Overseas Korean Club" onto the English version of the mark HANA BANK. The Ninth Circuit affirmed the trial result because it deems tacking an issue of fact, the jury was properly instructed on the issue, and it considered the jury's conclusion reasonable under the facts of the case.

The question of trademark infringement, including tacking, is indeed a fact question for the jury, and applying the right law, the jury correctly found that Hana Bank did not infringe HFI's trademark. Although the verdict was based on Hana Bank's 1994 advertisement, the jury did not specify whether it based its decision on the Korean version of the HANA BANK trademark, on the phrase "HANA Overseas Korean Club" appearing in English, or on some other unspecified evidence presented at trial. HFI speculates that priority must have been based solely on the

phrase "HANA Overseas Korean Club" as it appeared in the 1994 advertisement, although there is no verdict form question or other evidence supporting this speculation. In effect, HFI seeks an advisory opinion that, as a matter of law, the hypothetical tacking of this phrase and the mark HANA BANK would be inappropriate.

If tacking did in fact occur, it was appropriately put before the jury as a factual issue because the question of whether two marks convey a continuing commercial impression involves a subjective assessment of how relevant consumers view them in their marketplace context. A group of jurors is a better proxy for deciding matters of consumer perception than is a court sitting in relative isolation. Historical treatment of trademark analysis supports this conclusion.

Moreover, if tacking did occur, more likely it involved a comparison of the English and Korean versions of the mark HANA BANK, because the latter appeared multiple times in the original 1994 advertisement. If so, the jury reasonably concluded that the mark HANA BANK together with its Korean translation convey a continuing commercial impression before the relevant consumers, namely Korean expatriates.

## I. Factual Background

Hana Bank was founded in 1971 and first adopted the name Hana Bank in Korea in 1991. Pet. App. 4a. Today, Hana Bank is among Korea's largest banks. *Id.* Hana Financial Group ("HFG") is a holding company that owns

Hana Bank but does not itself conduct business in the United States.[1] *Id.*

Several critical dates are not in dispute. HFI first used its mark HANA FINANCIAL in commerce in April 1995 in the United States. Pet. App. 6a. Hana Bank, on the other hand, began advertising its services to domestic customers the prior year, having launched an advertising campaign in the *Korea Times* on July 13, 1994. JA205-207; Pet. App. 5a.[2]

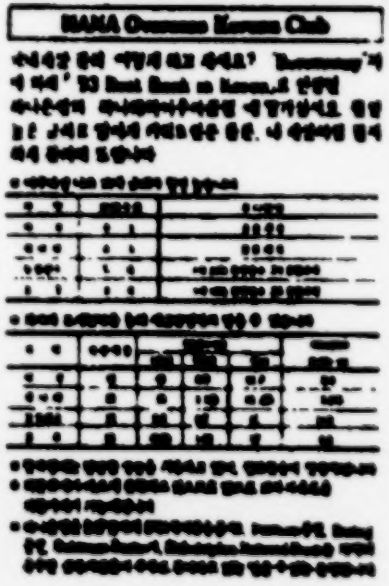
The *Korea Times* is written almost exclusively in Korean, targeted to Korean-readers, and circulated in cities with large Korean populations, such as Washington, D.C., Los Angeles, San Francisco, Chicago, New York and San Francisco. Pet. App. 5a. Hana Bank's advertisement is reproduced below. References to "HANA BANK" appear in yellow (JA206):

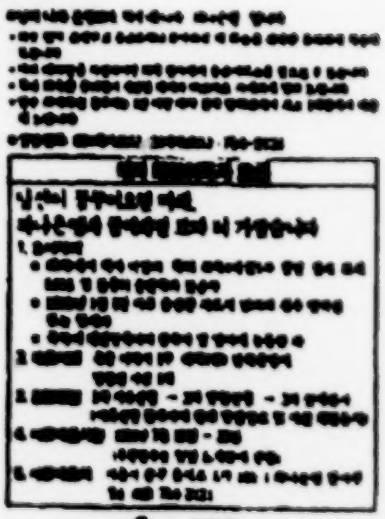
---

1. HFG was dismissed on this basis on a Rule 50 motion, and the appellate court acknowledged that the dismissal was not part of HFI's appeal. Pet. App. 4a n.1. Hence, HFG is not a party to this petition.

2. The parties' principals knew each other well before this time. HFI's adoption of its mark with prior knowledge of Hana Bank gave rise in part to the district court's finding of laches and unclean hands, as detailed in its findings of fact and conclusions of law. Pet. App. 27a-31a.

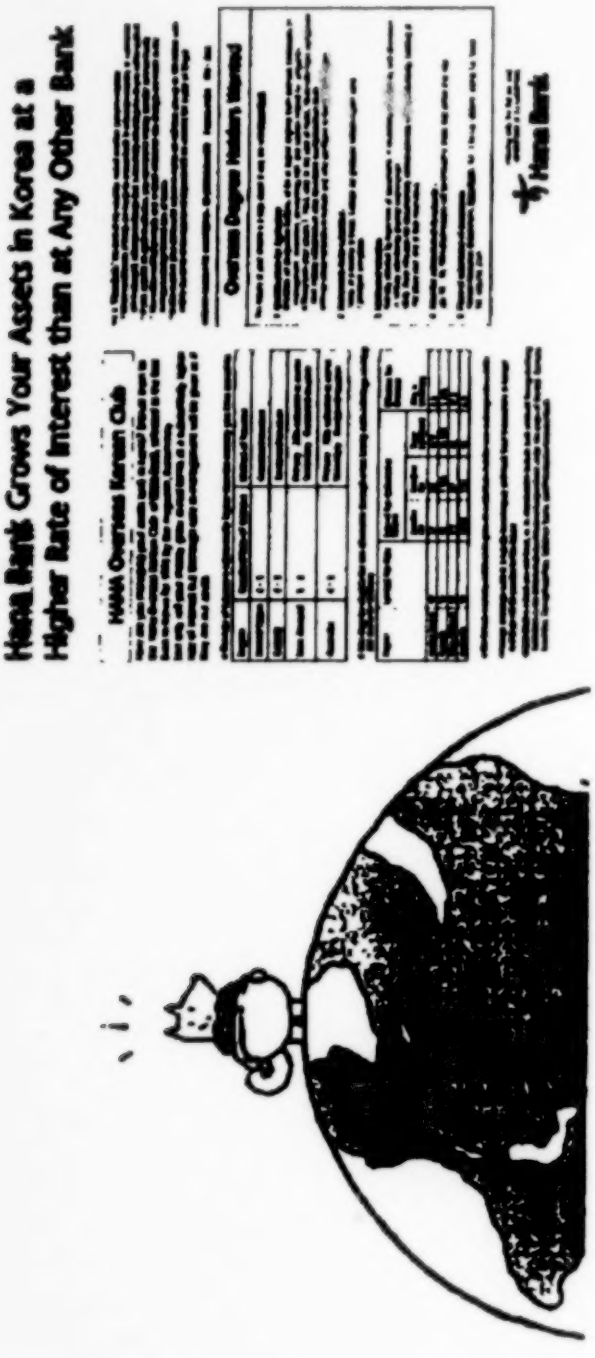
# 하나은행이 어느 은행보다 높은 금리로, 국내재산을 키워드립니다.



하나은행

The advertisement translates to English as follows (JA207):[3]

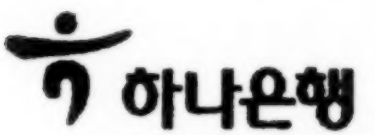



3. The English translation is provided for reference. Only Korean versions appeared in the *Korea Times*. The color highlights are also included for emphasis but did not appear in the original.

Hana Bank's advertisement featured the following elements:

- 하나은행 (which appears seven times and translates to "HANA BANK")
- 하나은행 (which translates to "HANA BANK" alongside the "Dancing Man" logo)
- HANA Overseas Korean Club (which appears once in English)

Below is a side-by-side comparison of the Korean version of the Hana Bank mark that appeared in the 1994 ads, and its English equivalent as subsequently used by Hana Bank:




**First used mark (JA206).**

**Current mark (JA204).**

Hana Bank's advertising campaign proved an immediate success. Within days, customers in the United States wrote Hana Bank inquiring about it. JA202-203; Pet. App. 24a. Hana Bank processed its first United States customer application on August 5, 1994. Pet. App. 24a. The applications themselves also featured the HANA BANK mark in Korean and the Dancing Man logo. JA208; JA211; Pet. App. 5a.

Between 1994 and trial, Hana Bank serviced over 11,500 United States residents under its Hana Bank name, remitted over $37 million on their behalf, and wired funds to American customers almost daily. Pet. App. 6a-7a.

## II. Procedural Background

Hana Bank's trademark priority has been adjudicated multiple times throughout this case, first by the trial judge on summary judgment and later by jury trial. Both judge and jury found in favor of Hana Bank on the basis that its 1994 advertisement conferred priority.

### A. Summary Judgment Proceedings

In 2007, Hana Bank moved for summary judgment on trademark priority. JA52-68. HFI opposed, arguing that "improper tacking" precluded priority. JA83-85. The court granted the motion, finding that Hana Bank had priority notwithstanding HFI's tacking argument. JA118-131. The court did not state that Hana Bank's priority derived from the mark HANA Overseas Korean Club. Rather, it analyzed the entire 1994 advertisement, which included the Korean version of HANA BANK (하나은행 and 하나은행), and the phrase "HANA Overseas Korean Club." JA120; JA125; JA206.

HFI appealed and demanded a jury trial. In 2010, a divided Ninth Circuit panel found that factual issues (unrelated to tacking) precluded summary judgment, and remanded for trial. JA134-139.

### B. Jury Trial

In May 2011, the parties tried the case before a jury. Pet. App. 8a. Before trial, the court denied HFI's motion in limine that sought to preclude Hana Bank's 1994 advertisement on the theory that it might yield improper tacking between "HANA BANK" and "HANA Overseas Korean Club." JA141-156; JA159. The court later noted that HFI's arguments were more suited to a summary judgment motion than a procedural motion.[4] JA166.

At trial, HFI requested a jury instruction on tacking, and it received one that was substantially the same as the one it requested. JA140; JA173. HFI never challenged the given jury instruction, either at trial or on appeal. It then raised tacking with the jury. JA171-172. The properly-instructed jury unanimously found that Hana Bank had priority, but the verdict form did not disclose whether it based its finding on the Korean version of "HANA BANK" or on "HANA Overseas Korean Club," or whether it applied tacking and, if so, as to which two marks. JA174-175.

The district court also took an advisory verdict on Hana Bank's equitable defenses and issued a defense judgment on laches and unclean hands in favor of Hana Bank. Pet. App. 21a-32a. HFI appealed these independent defense theories, but the appellate court did not address them, leaving them for consideration after a possible remand. Pet. App. 17a, 20a.

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4. HFI speculates that it might have prevailed on such a motion. Pet. Br. 10. However, the court had already rejected its tacking argument, granting summary judgment in Hana Bank's favor. JA83-85; JA118-131.

### C. The Ninth Circuit's Decision

In 2013, the appellate court concluded that tacking was properly put before the jury as an issue of fact, and upheld the priority verdict in favor of Hana Bank, noting that:

> The jury could have reasonably concluded that [Korean-speaking] purchasers associated "Hana Bank" with the "Hana Overseas Korean Club" when "Hana Overseas Korean Club" appeared, in English, *next to "Hana Bank," in Korean*, and the dancing man logo in the advertisements. In that context, "Hana" was arguably the most significant portion of the trade name, as the ordinary purchasers would have then made the association between the English word "Hana" and the Bank's Korean name.

Pet. App. 17a (internal citations omitted) (emphasis added).

Thus, the appellate court premised the reasonableness of the jury's priority verdict upon the entirety of Hana Bank's 1994 advertisement, including the Korean version of the mark HANA BANK, and not just upon inclusion of "HANA Overseas Korean Club" in the English language.

## SUMMARY OF THE ARGUMENT

While it is uncertain whether the jury actually engaged in tacking when construing Hana Bank's trademark priority, the district and appellate courts properly placed the issue within the purview of the

jury. Tacking is an issue of fact that considers whether two marks convey a continuing commercial impression. This requires a subjective assessment of trademarks' respective impressions on relevant consumers, an inquiry that is best suited for a jury. Preeminent trademark scholar J. Thomas McCarthy agrees:

> In the author's view, whether two marks present the same commercial impression to allow tacking should be an issue of fact, not an issue of law. Statements in some cases that the "legal equivalents" question is one of law cannot be correct. "Commercial impression," like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services.

J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:26 (4th ed. 2014) (internal citations omitted). Professor McCarthy is correct. Assessing public perception—a conclusion about what the public is likely to think or perceive—is best suited to jurors, who "reflect community standards" better than any single judge. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389-90 (1996) (citation omitted). Determining tacking by assessing public perception is much different than interpreting complex claim language contained in a patent. Ascertaining consumer perception is not something that "judges often do," something they are "likely to do better than jurors," or something that requires special "training." *Id.* at 388.

HFI's contrary argument rests primarily on the term "legal" in "legal equivalents." Relying on semantics,

HFI insists that the tacking test is merely whether two marks are "legal equivalents" and the term "legal" in that phrase means the test must be applied as a matter of law. Yet, stating that marks are "legal equivalents" is merely a conclusion drawn after applying the well-established, and factual, tacking test: whether two marks convey the "same, continuing commercial impression." *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). The "legal equivalents" label is not an element of that test. It is simply the result or conclusion that derives from the factual inquiry.

To confirm that trademark tacking is a factual question, we are guided by: (1) treatment of the issue prior to the Seventh Amendment; (2) historical treatment of this and analogous issues over the years; and (3) functional considerations. *City of Monterey v. Del Monte Dunes at Monterey, Ltd.*, 526 U.S. 687, 718 (1999) (quoting *Markman*, 517 U.S. at 377). Each inquiry leads to the same conclusion, namely that tacking is a factual issue best resolved by a jury as proxy for the consuming public.

*First*, common law predating the Seventh Amendment supports factual treatment. Before 1791, trademark infringement actions for damages were heard at common law. *See Singleton v. Bolton*, 99 E.R. 661 (K.B. 1783); *Sandforth's Case*, BL MS. Hargrave 123, fo. 168 (1584) (excerpt of the complaint), *reprinted in* John H. Baker & S.F.C. Milsom, *Sources of English Legal History. Private Law to 1750* 615-17 (1986); HLS MS. 2071, fo. 86 (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617; HLS MS. 5048 fo. 118v. (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617-18. Trademark priority and ownership have been elements of infringement

claims since the earliest reported trademark case in 1584 (complaint in *Sandforth's Case*, BL MS. Hargrave 123, fo. 168, *reprinted in* Baker & Milsom, *supra*, 615-17), and hence would have been decided by a jury if they were at issue in a case. Although there is no reported tacking analysis that predates the Seventh Amendment, tacking falls within the ambit of priority and ownership, so it is also due jury consideration as an issue going to "the ultimate dispute" of a claim entitled to jury trial. *City of Monterey*, 526 U.S. at 718.

*Second*, historical treatment of trademark and analogous issues supports the factual treatment of tacking. Trademark changes are historically assessed in a subjective ad hoc manner that considers extrinsic market factors, an analysis that is characteristically factual. *Cf. Beech-Nut Packing Co. v. P. Lorillard Co.*, 273 U.S. 629, 632-33 (1927) (considering the marks themselves along with relevant market factors). This Court has also consistently found that comparisons and impression assessments are factual issues appropriate for jury resolution. *See, e.g.*, *Miller v. California*, 413 U.S. 15, 24 (1973) (assessing the impression of a work against community standards in the context of pornography); *Davidson S.S. Co. v. United States*, 205 U.S. 187, 191 (1907) (assessing reasonableness in the context of negligence); *Union Paper-Bag Mach. Co. v. Murphy*, 97 U.S. 120, 125 (1877) (patent infringement comparison for substantial similarity); *Moore v. United States*, 91 U.S. 270, 274 (1875) (comparison of two handwriting samples); *Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871) (design patent infringement comparison for substantial similarity). Tacking is no different.

*Third*, functional considerations overwhelmingly support factual treatment. Tacking involves a comparison of trademarks' respective impressions on ordinary consumers, much as the likelihood of confusion test involves a determination of those consumers' potential misimpressions (*i.e.*, confusion) based on a mark. HFI concedes that the confusion analysis is factual in nature. Pet. Br. 14. By extension, so too is the tacking analysis.

Indeed, consumer perception is central to most trademark analysis, including determinations of the strength and distinctiveness of a mark, its secondary meaning and likelihood of confusion, all of which are overwhelmingly treated as issues of fact. McCarthy, *supra*, §§ 11:3, 15:29, 23:67.[5] Similarly, tacking evaluates commercial impression from the perspective of an ordinary consumer of the goods in question. *See, e.g.*, *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999). A jury panel provides a broader perspective and better represents average consumers than a single judge, so is better suited to evaluate consumer impression. *See* Anne Gilson LaLonde & Jerome Gilson, *Gilson on Trademarks* § 3.03 n.22.6 (2014) ("Courts have expressed reluctance toward placing themselves in the role of the relevant consumer.").

Without question, the jury in this case used its collective insight to reach the right conclusion. While it remains unclear whether the jury applied tacking at all, it

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5. *See also* Brief of Amicus Curiae The American Intellectual Property Law Association In Support of Neither Party, Hana Financial, Inc. v. Hana Bank, No. 13-1211, 2014 WL 4380109, at *6-10 (2014).

most likely found priority on the basis of the Korean and English versions of the HANA BANK mark—concluding either that they are interchangeable because they are the same in the eyes of Korean speakers, or that their commercial impression is sufficiently similar so that they may be tacked. After all, the Korean mark was the most prominent mark featured in Hana Bank's 1994 advertisement, appearing seven times. And, the 하나은행 and Hana Bank marks, as well as the 하나은행 and HANA BANK marks, are identical to relevant consumers in their appearance and meaning, nearly identical in sound to native Korean speakers ("Hana" is pronounced the same in either language), and easily withstand even the highest tacking standard because they create the "same, continuing commercial impression." *Van Dyne-Crotty*, 926 F.2d at 1159.

## ARGUMENT

### I. Legal Background

#### A. Trademark Law's Dual Policy

"The protection of trade-marks is the law's recognition of the psychological function of symbols." *Mishawaka Rubber & Wollen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942). The oldest-reported written trademark law dates to around 1355, found in a treatise written by Bartolus de Saxoferre. *Trademark Timeline*, 82 TMR 1022, 1024 (1992). It states: "there are signs that a craftsman puts upon the objects he makes, such as on swords, other metal objects or paper. No one else is allowed to use this mark for his own products." *Id.* The law's source-identifying function was intended "to protect not only the craftsman but also the public." *Id.*

This dual policy continues today: "Trademark law serves to protect both consumers from deception and confusion over trade symbols and to protect the plaintiff's infringed trademark as property." McCarthy, *supra*, § 2:2; *accord.* S. Rep. No. 1333, at 3-5 (1946); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782 n.15 (1992) (Stevens, J., concurring).

A trademark's function is distinct:

> A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same-to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears.

*Mishawaka*, 316 U.S. at 205. This "psychological function," *i.e.*, the impression made on consumers' minds, defines a trademark. *Id.* at 205, 208. Trademarks' psychological function and consumer protection policy distinguish them within the intellectual property realm. *See Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34 (2003) (stating policy); McCarthy, *supra*, § 6:3 (trademarks protect consumers, copyrights foster creativity, and patents encourage innovation).

## B. Evolution Of Tacking Doctrine

Trademark tacking is the linking of "an earlier mark onto a later mark for priority and abandonment purposes." Gilson, *supra*, § 3.03[g]; *accord.* McCarthy, *supra*, § 17:25. Tacking reflects the idea that "[t]rademark rights inure in the basic commercial impression created by a mark, not in any particular format or style." McCarthy, *supra*, § 17:26. Without tacking, an owner could never retain its original priority date when modifying or modernizing a mark in response to market demands. *Id.* § 17:25. Two marks may be tacked when relevant consumers view them as conveying the same, continuing commercial impression.

### 1. Early Cases Applying Principles Similar To Tacking

This Court has evaluated changes in trademarks as part of ownership and priority issues since at least 1900. In *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 32-33 (1900), it concluded that the plaintiff had not waived its right to the mark HUNYADI by instead registering the composite mark HUNYADI JANOS, because there was no evidence of intent to abandon the standalone HUNYADI and "no reason for holding the former registration as an estoppel." *Id.* at 33. *Saxlehner* has been cited as early precedent allowing marks to be modified over time without abandonment. *See, e.g., Baglin v. Cusenier Co.*, 221 U.S. 580, 588-89, 597-99 (1911) (allowing change from CHARTREUSE to LIQUEUR DES PÈRES CHARTREUX and LIQUEUR FABRIQUÉE À TARRAGONE PAR LES PÈRES CHARTREUX without abandonment); *Drexel Enters., Inc. v. Richardson*, 312 F.2d 525, 527 (10th Cir. 1962) (change from HERITAGE

in script to HERITAGE-HENREDON to HERITAGE in block lettering allowed); *Laura Scudder's v. Pac. Gample Robinson Co.*, 136 U.S.P.Q. 418, 419 (T.T.A.B. 1962) (change from BLUE BIRD & Designs to BLUE ROBIN & Design allowed).

In 1927, this Court again considered trademark alterations to determine whether an earlier mark was abandoned. It affirmed that the modification depicted below did not constitute abandonment of the prior mark even though the newer version employed a hyphen and different decorative features:

**Original**

**Modified**

*Beech-Nut*, 273 U.S. at 629 (images displayed in district court opinion, 299 F. 834, 836, 839 (D.N.J. 1924)).

### 2. The Commercial Impression Test

Early tacking analysis evolved both in the district courts and at the United States Patent and Trademark Office. In *United Barber's Serv. Co. v. Cannaliato*, 12 TMR 265, 265 (1922), *aff'd*, *Worden v. Cannaliato*, 285 F. 988, 989 (D.C. Cir. 1923), the Commissioner of Trademarks

considered the mark X-RAY in handwritten script, which registrant later modified to appear in print alongside a "picture of a woman." *Id.* The change was allowed because X-RAY remained "the essential feature of the mark" so trademark use was "continuous." *Id.*

The Trademark Trial and Appeal Board ("TTAB") first articulated the commercial impression test in 1962 in *Laura Scudder's*, though it did not yet refer to the linking of two marks as "tacking." 136 U.S.P.Q. at 419. It held that the mark BLUE BIRD alongside an evolving bird design could confer priority on the later-used mark BLUE ROBIN alongside a different bird design, because they created "substantially the same general impression." *Id.* Since this first articulation, commercial impression has remained the crux of the tacking standard.

The test evolved somewhat when, in 1970, the TTAB held that a modified mark retains its original priority date where it maintains "a single and continuing commercial impression." *Humble Oil & Refining Co. v. Sekisui Chem. Co. Ltd. of Japan*, 165 U.S.P.Q. 597, 603 (T.T.A.B. 1970). Applying that standard, the TTAB found that S-LON conferred priority for the modified mark ESLON. *Id.* at 604.

It appears that the TTAB first used the term "tack" in 1970 in *Compania Insular Tabacalera, S.A. v. Camacho Cigars, Inc.*, 167 U.S.P.Q. 299 (T.T.A.B. 1970), addressing an applicant "seeking to tack on thereto the prior use or registration of another mark." *Id.* at 303-04. Applying the commercial impression test, it found that DON MARCOS and SAN MARCO could not be tacked because they created "distinctly different commercial impressions." *Id.*

at 304. Applying the same test, the TTAB subsequently allowed a petitioner to assert priority in the mark HESS'S by virtue of its previous marks HESS BROTHERS and HESS'S OF ALLENTOWN because they created "a single and continuing commercial impression." *Hess's of Allentown, Inc. v. Nat'l Bellas Hess, Inc.*, 169 U.S.P.Q. 673, 674, 677 (T.T.A.B. 1971).

The Court of Customs and Patent Appeals, Federal Circuit, Seventh Circuit and numerous district courts were early adopters of the "same, continuing commercial impression" test. *See, e.g., Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 955 (7th Cir. 1992); *First Michigan Corp. v. First Nat'l Bank*, 887 F.2d 1095, 1095 (Fed. Cir. 1989); *Ilco Corp. v. Ideal Sec. Hardware Corp.*, 527 F.2d 1221, 1224 (C.C.P.A. 1976); *Dolfin Corp. v. Jem Sportswear, Inc.*, 1982 U.S. Dist. LEXIS 10137, at *20 (C.D. Cal. 1982); *Polo Fashions, Inc. v. Extra Special Prods., Inc.*, 451 F. Supp. 555, 562-63 (S.D.N.Y. 1978).

### 3. *Van Dyne-Crotty*

In 1991, the Federal Circuit first articulated a two-part tacking test in *Van Dyne-Crotty*. 926 F.2d at 1159. A registrant sought to avoid cancellation of its mark CLOTHES THAT WORK by acquiring the mark CLOTHES THAT WORK. FOR THE WORK YOU DO. from a third party. *Id.* at 1157-58. In rejecting this effort, the Federal Circuit articulated a clear test. Tacking is allowed only where marks (1) create "the same, continuing commercial impression" and (2) do not "materially differ." *Id.* at 1159 (internal citations omitted); *see also Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 735 (Fed. Cir. 1992) (confirming *Van Dyne-Crotty* test).

While today some courts have dropped the "materially different" prong of this two-part test, most do apply the "continuing commercial impression" prong. *See, e.g., One Indus., LLC v. Jim O'Neal Distrib., Inc.*, 578 F.3d 1154, 1160 (9th Cir. 2009) (both prongs); *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009) (commercial impression prong only); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998) (commercial impression prong only). The TTAB often disregards the "materially different" prong as well. *See, e.g., Eyal Balle v. Children's Apparel Network, Ltd.*, 2012 WL 6654113, at *3 (T.T.A.B. 2012) (commercial impression prong only); *ZAO Gruppa Predpriyatij Ost v. Vosk Int'l Co.*, 2011 WL 3828709, at *17 (T.T.A.B. 2011) (commercial impression prong only); *Wet Seal, Inc. v. FD Mgmt., Inc.*, 82 U.S.P.Q.2d 1629, 1635 (T.T.A.B. 2007) (commercial impression prong only).

### D. The Present Split Involving Trademark Tacking

Few courts have substantively analyzed whether tacking should be factual or legal. Those that have done so concluded that it is an issue of fact, because as a consumer perception inquiry, tacking is more suitable for a jury representing a pool of consumers. *Paleteria La Michocana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V.*, No. 1:11-cv-01623-RC, Docket No. 137 at 16-17 (D.D.C. Sept. 25, 2014); *Adventis, Inc. v. Consol. Prop. Holdings, Inc.*, 2006 WL 1134129, at *5 (W.D. Va. 2006).

Nevertheless, the Federal Circuit in *Van Dyne-Crotty* declared tacking a matter of law. 926 F.2d at 1159. It concluded, without substantive analysis, that tacking

should be treated the same as the likelihood of confusion standard for trademark infringement. *Id.* The Federal and Sixth Circuits are two of only three circuits that treat likelihood of confusion as a matter of law, and the Sixth Circuit in 1998 followed the same lockstep rationale to also treat tacking as a matter of law. *See Data Concepts*, 150 F.3d at 623.

Following *Van Dyne-Crotty*, other courts began treating tacking application and likelihood of confusion application in lockstep. *See, e.g., Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006) (both factual); *Louangel, Inc. v. Darden Rests., Inc.*, 2013 WL 1223653, at *2 (S.D. Tex. 2013) (both factual); *Specht v. Google Inc.*, 758 F. Supp. 2d 570, 583 (N.D. Ill. 2010) (both factual); *Adventis, Inc.*, 2006 WL 1134129, at *4 (both factual); *KeyCorp v. Key Bank & Trust*, 99 F. Supp. 2d 814, 819 (N.D. Ohio 2000) (both legal); *Navistar Int'l Transp. Corp. v. Freightliner Corp.*, 1998 WL 786388, at *5 (N.D. Ill. 1998) (both factual); *Advance Stores Co. v. Refinishing Specialties, Inc.*, 948 F. Supp. 643, 653 (W.D. Ken. 1996) (both legal).

There is a circuit split as to whether likelihood of confusion is factual or legal. A minority, specifically the Second, Sixth and Federal Circuits considers it either partially or entirely legal. *Murphy v. Provident Mut. Life Ins. Co. of Phila.*, 923 F.2d 923, 928 (2d Cir. 1990) (legal question); *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 599 (6th Cir. 1991) (mixed question); *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1569 (Fed. Cir. 1983) (legal question).

The majority, including the First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh and D.C. Circuits, treats it as factual. *DeCosta v. Columbia Broad. Sys., Inc.*, 520 F.2d 499, 514 (1st Cir. 1975); *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 194-95 (3d Cir. 1990); *Marcon, Ltd. v. Helena Rubenstein, Inc.*, 694 F.2d 953, 955 (4th Cir. 1982); *Union Nat'l Bank of Tex. v. Union Nat'l Bank of Tex.*, 909 F.2d 839, 847 n.21 (5th Cir. 1990); *Munters Corp. v. Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990); *ConAgra, Inc. v. George A. Hormel, & Co.*, 990 F.2d 368, 370-71 (8th Cir. 1993); *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 604 (9th Cir. 1987); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656, 661 (10th Cir. 1987); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165, 1170 (11th Cir. 1991); *Readers Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804 (D.C. Cir. 1987).

The result is a lockstep split on the issue of tacking with the majority of courts including the Ninth Circuit considering it as factual. *See, e.g., Quiksilver*, 466 F.3d at 759 (Ninth Circuit treating both as factual); *Data Concepts*, 150 F.3d at 623 (Sixth Circuit treating both as legal); *Van Dyne-Crotty*, 926 F.2d at 1159 (Federal Circuit treating both as legal); *Louangel, Inc.*, 2013 WL 1223653, at *2 (Southern District of Texas treating both as factual); *Specht*, 758 F. Supp. 2d at 583 (Northern District of Illinois treating both as factual); *Adventis, Inc.*, 2006 WL 1134129, at *4 (Western District of Virginia treating both as factual); *Patterson v. World Wrestling Entm't, Inc.*, 2006 WL 273527, at *17 (E.D. Wis. 2006) (treating both as factual); *KeyCorp*, 99 F. Supp. 2d at 819 (Northern District of Ohio treating both as factual); *Navistar*, 1998 WL 786388, at *5 (Northern District of Illinois treating

both as factual); *Advance Stores*, 948 F. Supp. at 653 (Western District of Kentucky treating both as legal).

Hana Bank agrees that tacking and likelihood of confusion are best aligned. The standards for tacking and likelihood of confusion themselves differ—continuing commercial impression versus a multi-factor likelihood of confusion test—but they are the same in the way that matters for analysis here: each compares trademarks by assessing their impression upon consumers. This Court's decision is likely to impact all such inquiries going forward, because other courts are likely to look to this case not just for tacking guidance, but also to direct other consumer perception inquiries including likelihood of confusion, distinctiveness and secondary meaning.

## II. Tacking Is Properly An Issue Of Fact

Tacking requires a subjective assessment of trademarks' respective commercial impressions in the eyes of relevant consumers. The judicial actors best positioned for that assessment are jurors representing a pool of average consumers.

To confirm that tacking is best treated as an issue of fact for the jury, we are guided by three factors: (1) how the issue was treated in suits at common law at the time the Seventh Amendment was enacted; (2) how this and analogous issues have historically been treated; and (3) whether the issue is functionally better suited to factual or legal treatment. *City of Monterey*, 526 U.S. at 718 (quoting *Markman*, 517 U.S. at 377). Each of these considerations supports factual treatment.

### A. Common Law Treatment Of Trademark Priority And Ownership Issues Supports Factual Treatment

"[T]he [Seventh] Amendment requires that the right of trial by jury shall be preserved in suits at common law." *Parsons v. Bedford, Breedlove & Robeson*, 28 U.S. 433, 446-47 (1830). Jury trial is mandatory where both: (1) the particular "cause of action . . . was tried at law at the time of the founding or is at least analogous to one that was;" and (2) the trial decision at issue "must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791." *Markman*, 517 U.S. at 376.

Although reported trademark jurisprudence from the period is scarce, it is clear that trademark infringement actions for damages were heard by juries at common law before the Seventh Amendment.[6] *Singleton*, 99 E.R. at 661. The oldest known reported trademark infringement suit, dating to 1584, was brought at law, to be heard by a jury. *See Sandforth's Case*, BL MS. Hargrave 123, fo. 168 (large portion of the complaint), *reprinted in* Baker & Milsom, *supra*, 615-17; HLS MS. 2071, fo. 86 (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617; HLS MS. 5048 fo. 118v. (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617-18. There is no question that trademark infringement suits for damages are entitled to jury trial under the Seventh Amendment. *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 477 (1962).

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6. Trademark infringement suits for injunctive relief were brought at equity before 1791 (*Blanchard v. Hill*, 26 E.R. 692, 692 (Ch. 1742)), though the first known injunction was not issued until 1838 (*Millington v. Fox*, 40 E.R. 956 (Ch. 1838)).

In suits at law for damages, where a particular issue goes to "the ultimate dispute" (*i.e.*, a fundamental element of a claim entitled to jury trial), that issue or fundamental element is one of fact warranting jury determination. *See City of Monterey*, 526 U.S. at 718 (issues "proper for the jury must be submitted to it 'to preserve the right to a jury's resolution of the ultimate dispute' as guaranteed by the Seventh Amendment.") (quoting *Markman*, 517 U.S. at 377). Trademark priority and ownership were fundamental elements of early infringement suits brought at common law, just as they are today. As early as 1584, pleadings at common law included allegations of priority and ownership. From the complaint in *Sandforth's Case*:

> for the whole of the aforesaid time he was accustomed to mark such cloths with the two letters 'J.G.' and with a sign called a tucker's handle; and the same plaintiff sold the same cloths, thus made and marked, through the whole of the aforesaid time, at T and the buyers thereof were accustomed for eight years last past to buy those cloths well and substantially made and from wool marked as above said without any inspection or contradiction of the same cloths . .

BL MS. Hargrave 123, fo. 168, *reprinted in* Baker & Milsom, *supra*, 615-17. This pleading, at law, includes elements of: (1) trademark adoption through use; (2) priority (dating back eight years); and (3) ownership through continued use (geographic) and goodwill (customers would purchase goods without inspection based on the mark only). An additional account of *Sandforth's Case* likewise describes plaintiff's priority. *See Southern*

*v. How*, 2 Rolle's Reports 26 (1676), 81 E.R. 635 (K.B. 1908) ("he put a special mark on them which no other clothier had before that").

Reports of *Sykes v. Sykes*, which was decided at law not long after Seventh Amendment enactment, similarly include priority and continued use allegations. 107 E.R. 834 (K.B. 1824) ("plaintiff, before and at the time of committing the grievances complained of, carried on the business of . . . ; plaintiff continued to mark their articles with . .").

We do not know with certainty whether the jury had an opportunity to consider the issues of priority and ownership in these early trademark cases, but we do know that both *Sandforth's Case* and *Sykes* went to a jury. *Sykes*, 107 E.R. 834; *Sandforth's Case*, BL MS. Hargrave 123, fo. 168, *reprinted in* Baker & Milsom, *supra*, 615-17. We also know that these elements were specifically pleaded. Thus, if they were "at issue" in the case, they would have been submitted to the jury. *See* Patrick Devlin, *Jury Trial of Complex Cases: English Practice at the Time of the Seventh Amendment*, 80 Colum. L. Rev. 43, 58 (1980).

Separately, specific pleading of priority and ownership in these early cases shows that they were fundamental elements of infringement claims in England. And, they remain fundamental in American trademark jurisprudence today. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) (trademark ownership "grows out of use, not mere adoption") (*superseded by statute*, The Lanham Act, 15 U.S.C. §§ 1051 *et seq.*); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918) ("between conflicting claimants to the right to use the same mark,

priority of appropriation determines the question"). As a modern subset of priority and ownership, tacking is a subpart of these fundamental elements and warrants jury consideration as part of "the ultimate dispute" in a trademark infringement matter. *See City of Monterey*, 526 U.S. at 718.

### B. Historical Treatment Of Trademark And Analogous Issues Favors Factual Treatment

If Seventh Amendment treatment is not dispositive, we must also look to "existing precedent" to guide the fact/law distinction. *Markman*, 517 U.S. at 384. Historical jurisprudence shows a decided trend toward treating most trademark analysis including tacking as an issue of fact. And, analogous issues in non-trademark cases, to the extent they also involve comparisons and impression standards, are overwhelmingly treated as factual.

#### 1. Historical Treatment Of Tacking

The treatment of tacking as either an issue of fact or one of law was not expressly decided until 1991, when the Federal Circuit in *Van Dyne-Crotty* decided to treat it as a matter of law in keeping with its treatment of the likelihood of confusion test. Since that time, a majority of courts have broken with Federal Circuit precedent and treated the issue as one of fact, giving rise to the present split.

Prior to 1991, it appears the issue was largely driven by procedural considerations, such as clean-up jurisdiction, which are no longer applicable. And, even during historical times when judges were tasked with

deciding all trademark issues, their method of analysis sounded more in fact than it did in law.

### a. Only Post-1991 Precedent Specifically Considered The Treatment Of Tacking And Favors Factual Treatment

Since *Van Dyne-Crotty*, which first examined whether tacking is factual or legal in nature, courts have overwhelmingly favored factual treatment. Six of seven additional courts to consider the issue since 1991 deem it factual—the Ninth Circuit, District of D.C., Southern District of Texas, Northern District of Illinois, Western District of Virginia and Eastern District of Wisconsin deem it factual. *See One Indus.*, 578 F.3d at 1160; *Paleteria La Michocana, Inc.*, No. 1:11-cv-01623-RC, Docket No. 137 at 17 (D.D.C. 2014); *Louangel, Inc.*, 2013 WL 1223653, at *2; *Specht*, 758 F. Supp. 2d at 583; *Adventis, Inc.*, 2006 WL 1134129, at *5; *Patterson*, 2006 WL 273527, at *17; *Navistar*, 1998 WL 786388, at *5. Only the Sixth Circuit has followed the Federal Circuit and deems it a matter of law. *See Data Concepts*, 150 F.3d at 623.[7]

### b. Pre-1991 Cases Offer Little Guidance

Cases decided before 1991 are distinguishable and offer little substantive guidance. Before 1938, trademark cases that sought injunctive relief were routinely brought

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7. *Reynolds Consumer Prods., Inc. v. Handi-Foil Corp.*, 2014 WL 794277, at *3 (E.D. Va. 2014) is an anomaly. The court applied tacking as a legal question upon stipulation without expressly deciding whether tacking should be legal or factual. The court did note precedent within the Fourth Circuit applying tacking as factual and *Van Dyne-Crotty*'s contrary holding.

at equity under the dual court system. *See, e.g.*, *Taylor v. Carpenter*, 23 F. Cas. 742 (C.C.D. Mass. 1844). Congress ended that practice when it merged the systems of law and equity in 1938. *See* Fed. R. Civ. P. 2.[8]

After 1938, judges still routinely deemed legal claims to be "incidental" to equitable ones and applied the remnants of "clean-up jurisdiction" to decide them without a jury. *See, e.g.*, *Porter v. Warner Holding Co.*, 328 U.S. 395, 398-99 (1946). Alternately, judges surrendered only narrow issues concerning monetary damages to juries. *See Dairy Queen*, 369 U.S. at 472 (describing this practice). HFI relies on several cases with suspect applicability because they fall within this historical procedural framework. *See Beech-Nut*, 273 U.S. at 630; *Miami Credit Bureau, Inc. v. Credit Bureau, Inc.*, 276 F.2d 565 (5th Cir. 1960); *Perfectform Corp. v. Perfect Brassiere Co.*, 256 F.2d 736 (3d Cir. 1958).

Furthermore, cases decided before 1962 do not indicate a deliberate choice favoring legal treatment. They merely reflect a procedural posture that is now obsolete, because this Court in 1962 abolished the practice of deciding legal issues as merely "incidental" to equitable issues. *See Dairy Queen*, 369 U.S. at 470. Furthermore, to the extent judges decided trademark issues prior to 1962, this procedural practice does not speak specifically to how we should treat those issues today. Otherwise, pre-1962 practice would dictate that all trademark issues still be

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8. "A number of important consequences follow from Rule 2: the forms of action are abolished, the separate equity practice of the federal courts is eliminated, [and] the old equity rules are superseded." Charles Alan Wright & Arthur R. Miller, *Federal Practice And Procedure* § 1042 (4th ed. 2014).

matters of law, including not only priority but likelihood of confusion, infringement and even damages, which this Court specifically deemed factual in *Dairy Queen*. *Id.* at 470.

In the almost thirty years between *Dairy Queen* and *Van Dyne-Crotty* (1962-1991), tacking was very rarely decided outside of the TTAB. When it did arise in the courts, it was primarily in the context of a preliminary injunction motion or following a bench trial, with judges deciding all issues. Tacking was not separately parsed for separate consideration by the judge. *See Drexel Enters.*, 312 F.2d at 526 (bench trial); *Pan Am. World Airways, Inc. v. Panamerican School of Travel, Inc.*, 648 F. Supp. 1026 (S.D.N.Y. 1986) (bench trial); *Frances Denney, Inc. v. New Process Co.*, 670 F. Supp. 661 (W.D. Va. 1985) (bench trial); *Dolfin Corp.*, 1982 U.S. Dist. LEXIS 10137 (bench trial); *Estate of Presley v. Russen*, 513 F. Supp. 1339 (D.N.J. 1981) (preliminary injunction); *Loctite Corp. v. Nat'l Starch & Chem. Corp.*, 516 F. Supp. 190 (S.D.N.Y. 1981) (bench trial); *Dreyfus Fund Inc. v. Royal Bank of Can.*, 525 F. Supp. 1108 (S.D.N.Y. 1981) (preliminary injunction); *Citibank, N.A. v. City Bank of San Francisco*, 1980 U.S. Dist. LEXIS 14410, at *24-25 (N.D. Cal. 1980) (preliminary injunction); *Polo Fashions*, 451 F. Supp. 555 (preliminary injunction); *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231 (D. Kan. 1977) (bench trial); *Li'l' Red Barn, Inc. v. Red Barn Sys., Inc.*, 322 F. Supp. 98 (N.D. Ind. 1970) (bench trial); *Puritan Sportswear Corp. v. Shure*, 307 F. Supp. 377 (W.D. Pa. 1969) (preliminary injunction); *Proxite Prods., Inc. v. Bonnie Brite Prods. Corp.*, 206 F. Supp. 511 (S.D.N.Y 1962) (bench trial). In view of their procedural context, these cases also do not demonstrate a calculated historical preference favoring legal treatment.

If it did, it would again support legal treatment of all trademark issues. To the contrary, trademark issues are overwhelmingly treated as factual because of their consumer focus. *See infra*, p. 37-39.

Finally, TTAB decisions cannot be said to establish a calculated historical preference favoring judge arbiters. The TTAB has no juries. *See* Trademark Trial & Appeal Board Manual of Procedure ("TBMP") § 102.02 (2014). It is an administrative tribunal, and every substantive TTAB decision is rendered by a panel of specialty judges, who decide both factual and legal issues. *See id.*

### c. Historically, Judges Performed Tacking As An Ad Hoc Inquiry, Mimicking A Jury

When judges have undertaken tacking analysis, they have generally compared the marks on an ad hoc basis and in the context of marketplace factors, not by adherence to strict legal precedent regarding similarly situated third party marks. *See, e.g.*, *Beech-Nut*, 299 F. at 850 (evaluating the original and modified marks themselves along with market conditions); *Beech-Nut*, 273 U.S. at 632 (Court affirming on its own opinion of the marks, not on a comparison against legal precedent involving similarly situated third party marks). Such ad hoc treatment characterizes a factual issue. It demonstrates that tacking was merely one of several factual trademark issues historically decided by judges alongside all other issues of liability.[9]

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9. Cases cited by HFI for the contrary proposition that judges historically tacked by applying precedent largely demonstrate either: (1) no reliance on precedent at all; or (2) citation of

### 2. Historical Treatment Of Analogous Issues

We must also look to other kinds of cases to gauge whether analogous issues were historically treated as legal or factual. *Markman*, 517 U.S. at 381. As a comparison of imparted impression upon average consumers, trademark tacking has analogues in other doctrines involving comparative analysis or the lens of public perception.

#### a. Comparisons Are Factual

At its essence, tacking compares two things: an altered mark and its original. Juries perform much comparative analysis:

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precedent to recite legal rules, but a subjective assessment of the subject marks against one another (not against third party marks) as the method for actually evaluating tacking. *See, e.g.*, *Miami Credit Bureau*, 276 F.2d at 568 (finding that the marks "if not the grammatical equivalent of each other, are so obviously synonymous" without comparison to third parties or reliance on precedent); *Salem Commodities, Inc. v. Miami Margarine Co.*, 114 U.S.P.Q. 124, 125 (C.C.P.A. 1957) (comparing marks against one another, not against similarly situated third party marks); *In re Reisch Brewing Co.*, 39 App. D.C. 445, 446-47 (D.C. Cir. 1912) (no comparison to third party marks or citation to precedent); *H.E. Butt Grocery Co. v. Innovative Foods, LLC*, 2003 WL 22988721, at *3 (T.T.A.B. 2003) (comparing marks to one another first, then citing precedent for the conclusion that marks with different connotations create different commercial impressions); *Compania Insular Tabacalera*, 167 U.S.P.Q. at 303-04 (citing precedent to recite tacking rule, but comparing marks against each other to reach tacking conclusion); *United Barber's*, 12 TMR at 265 (comparing marks against each other, not similarly situated third party marks).

> Every day comparisons are made by the jury. They see that the shoe fits an impression . . ; that a hat fits a certain head; that a child, in features and appearance, resembles or does not resemble the putative father . All this is simply recognizing the existence of a natural law of similitude in matters inquired of, and allowing the jury to determine whether or not such similarity is found in the cause upon trial.

*Moore*, 91 U.S. at 273 (comparison of handwriting samples a jury question).

Comparisons are equally suited to jury consideration within the intellectual property field. For instance, design and utility patent infringement analysis compare a plaintiff's patent and an accused device or design to determine whether they are "substantially the same" or "perform[] substantially the same function in substantially the same way to obtain the same result." *Union Paper-Bag*, 97 U.S. at 125 (patent infringement); *Gorham Mfg.*, 81 U.S. at 528 (design patent infringement).

This one-to-one comparative framework dictates factual treatment as a jury issue. *See, e.g.*, *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 38-39 (1997) ("The Federal Circuit held that it was for the jury to decide whether the accused process was equivalent to the claimed process. There was ample support in our prior cases for that holding."); *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 609 (1950) ("A finding of equivalence is a determination of fact."); *Coupe v. Royer*, 155 U.S. 565, 579-80 (1895) ("the question of infringement, arising upon a comparison of the Royer

patent and the machine used by the defendants, should be submitted to the jury"); *Tucker v. Spalding*, 80 U.S. 453, 455 (1871) (same); *Gorham Mfg.*, 81 U.S. at 524 (design patent infringement is a question of fact). *Markman* recognizes that "whether [patent] infringement occurred, is a question of fact for a jury." *Markman*, 517 U.S. at 371. Just as juries are best suited to compare handwritings and patented devices, they are best suited to compare two trademarks.

**b. Public Perception Issues Are Factual**

Trademark law considers public perception through the state of a consumer's mind. And, "[t]he state of a man's mind is as much a fact as the state of his digestion." *U.S. Postal Serv. Bd. of Governors v. Aikens*, 460 U.S. 711, 716 (1983) (citation and internal quotation marks omitted). Indeed, public perception issues are regularly treated as issues of fact.

For instance, whether two designs are "substantially the same" in design patent infringement is assessed from the perspective of an "ordinary observer." *Gorham Mfg.*, 81 U.S. at 528.

> [I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

*Id.* The inquiry is gauged through the eyes of "men generally," not experts, because "men of ordinary intelligence . . . are the principal purchasers of the articles to which designs have given novel appearances." *Id.* Due to this public lens, jurors, as "ordinary observers," are best suited to make the substantial similarity determination. *See Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 821 (Fed. Cir. 1992). Similarly, jurors are a cross-section of average "principal purchasers" of trademarked goods, so are best suited to assess consumer perception in the context of tacking.

Negligence determinations are also jury questions assessed from the perspective of the "reasonably prudent man." *See Davidson S.S.*, 205 U.S. at 191. Negligence "is peculiarly the province of a jury" because:

> Twelve men of the average of the community sit together, consult, apply their separate experience of the affairs of life to the facts proven, and draw a unanimous conclusion. This average judgment thus given it is the great effort of the law to obtain. It is assumed that twelve men know more of the common affairs of life than does one man, that they can draw wiser and safer conclusions from admitted facts thus occurring than can a single judge.

*Id.* at 191-92 (quoting *Sioux City & P.R. Co. v. Stout*, 84 U.S. 657, 664 (1873)); *see also TSC Indus., Inc. v. Northway, Inc.*, 426 U.S. 438, 450 n.12 (1976) ("the jury[] [has a] unique competence in applying the 'reasonable man' standard"). Like negligence's reasonably prudent man, tacking is assessed from the perspective of the average

consumer. Taking into account their diverse experiences, juries draw "wiser and safer conclusions" about how the "average" consumer perceives a given trademark than "a single judge" so possess a "unique competence" to assess and compare trademarks' relative impressions.

Finally, obscenity jurisprudence looks to "community standards" to gauge whether a work is obscene. *Miller*, 413 U.S. at 24. Material is obscene where, among other factors, "the average person, applying contemporary community standards would find that the work, taken as a whole, appeals to the prurient interest." *Smith v. United States*, 431 U.S. 291, 299 (1977) (citation and internal quotation marks omitted). Whether a work appeals to the prurient interest is a "fact question for the jury, to be judged in light of the jurors' understanding of contemporary community standards." *Id.* at 309. Because "a juror is entitled to draw on his own knowledge of the views of the average person in the community or vicinage from which he comes" (*id.* at 302 (quoting *Hamling v. United States*, 418 U.S. 87, 104-05 (1974))), there is an appropriate "emphasis on the ability of the juror to ascertain the sense of the average person, applying contemporary community standards." *Hamling*, 418 U.S. at 105. Just as juries best determine the proclivities of the average person in the community, they best determine perceptions of the average consumer.

### 3. Trademark Issues Are Overwhelmingly Factual

Consumer perception is the principal constant of trademark law. For this reason, trademark assessments are historically determined through the lens of the average consumer. Accordingly, issues of trademark

distinctiveness, secondary meaning and likelihood of confusion are all overwhelmingly factual.

Courts overwhelmingly treat the distinctiveness of a mark as an issue of fact. A trademark must be "distinctive" to be valid, *i.e.*, it must "identify and distinguish one source." McCarthy, *supra*, § 11:2. Fanciful, arbitrary and suggestive marks are "inherently distinctive;" descriptive marks are not, but may acquire distinctiveness; and generic marks are never distinctive so are invalid. *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 344 (2d Cir. 1999). "[H]ow the purchasing public views the mark" determines a mark's placement on the spectrum of distinctiveness. *Id.*; *see also In re Slokevage*, 441 F.3d 957, 960 (Fed. Cir. 2006) ("Inherent distinctiveness or descriptiveness involves consumer perception and whether consumers are predisposed towards equating a symbol with a source."); *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 582 (2d Cir. 1990) (validity of a trademark "depends ultimately on its distinctiveness in the eyes of the purchasing public") (citation and internal quotation marks omitted). Because it is assessed through a consumer lens, "[t]he vast majority of courts," including all of the circuit courts, treat distinctiveness as factual. McCarthy, *supra*, § 11:3.

Descriptive marks are protectable only after acquiring "secondary meaning" in the purchasing public's mind, a standard that is also overwhelmingly treated as factual. McCarthy, *supra*, § 15:2. Secondary meaning requires "a mental association in buyers' minds between the alleged mark and a single source of the product" bearing that mark. *Id.* § 15:5. Because this determination turns on "the state of the buyer's mind," almost all of the circuits,

including the First, Second, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh and Federal Circuits, treat it as factual. *Id.* § 15:29.

A majority also treats likelihood of confusion, "the touchstone of trademark infringement," as a factual matter. McCarthy, *supra*, §§ 23:1, 23:67. Infringement occurs where use of an allegedly infringing trademark is likely to cause "consumer confusion." *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124 (2004). Because an assessment of the likelihood of confusion factors necessarily depends on consumer perception, a clear majority, including the First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh and D.C. Circuits, treats it as a factual question. McCarthy, *supra*, § 23:67. Like these inquiries, trademark tacking is assessed through the lens of an average consumer and is particularly suited for jury determination.

#### 4. Tacking Did Not Develop As An Equitable Doctrine

HFI suggests that trademark tacking developed as an equitable doctrine. Pet. Br. 36. However, that conclusion does not follow simply from the fact that historically trademark suits for injunctive relief were brought in courts of equity. After all, trademark suits for damages were routinely brought at law during the same period. *See supra*, p. 25-27.

HFI also seeks support from adverse possession and mortgage cases. However, these bear no substantive relation to trademark tacking. And, HFI ignores that juries have historically decided adverse possession

tacking questions. *See, e.g., Terwilliger v. White*, 72 S.E.2d 169, 170, 173 (S.C. 1952) (finding it the jury's duty to determine adverse possession issues, including tacking); *Ringstad v. Grannis*, 171 F.2d 170, 174 (9th Cir. 1948) (ordering directed verdict, but maintaining status quo as to jury consideration under proper instruction); *Hughs v. Pickering*, 14 Pa. 297, 301 (1850) (juries decide adverse possession tacking). There is also authority suggesting that adverse possession tacking was recognized by the common law courts of England before Seventh Amendment enactment. *See J.B. Streeter, Jr., Co. v. Fredrickson*, 91 N.W. 692, 694 (N.D. 1902). Thus, to the extent adverse possession tacking history is relevant at all, it demonstrates that juries historically considered tacking issues in other contexts.

As for mortgage tacking, although that doctrine was established at equity in England (*Marsh v. Lee*, 2 Vent. 337 (Ch. 1670)), it was never widely adopted or permitted in the United States either before or after the revolution. *See* Joseph Story, *Commentaries on Equity Jurisprudence* § 419 n.2 (6th ed. 1853) ("In America, the doctrine of tacking is never allowed as against mesne [intermediate or intervening] incumbrances, which are duly registered . . ."); *see also Osborn v. Carr*, 12 Conn. 195, 208 (1837) ("We have not adopted . . . the doctrine of tacking mortgages."); *Thompson v. Chandler*, 7 Me. 377, 381 (1831) (the English "doctrine of tacking has not been adopted in this country, but has been in fact expressly repudiated"). To the extent the doctrine was applied for a brief moment in history, it was short-lived and long-ago abolished. Further, the doctrine faced significant criticism in both England and the United States. *See, e.g., Siter v. McClanachan.*, 43 Va. 280, 300 (1845) ("This whole doctrine of tacking . . . is

extremely harsh and unreasonable."); *Osborn*, 12 Conn. at 208, 210 (the doctrine "is unjust and inequitable, and is supported there, only by the weight of authority;" in England it was a precedent "followed with evident reluctance"). Trademark tacking should not be influenced by a flawed doctrine never adopted in most of the United States and long-ago abolished.

### C. Tacking Is Functionally Suited To Factual Treatment

Functional considerations guide the fact/law distinction and turn "on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question." *Markman*, 517 U.S. at 388 (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)). Trademark law's consumer focus renders trademark determinations particularly suited to jury disposition. Tacking itself is a consumer perception inquiry, assessing the relative impression two trademarks convey upon average consumers. This inquiry favors a jury, which better approximates average consumers than does a single judge.

#### 1. The Method For Analyzing Tacking Is Factual

Issues characterized as "predominantly factual" favor jury disposition "'to preserve the right to a jury's resolution of the ultimate dispute.'" *City of Monterey*, 526 U.S. at 720 (quoting *Markman*, 517 U.S. at 377). One indicant of a factual question is the need for a case-by-case, or ad hoc, determination. *See id.* "[T]acking requires a highly fact-sensitive inquiry." *One Indus.*, 578 F.3d

at 1160. The analysis is "inherently factual because [it] depend[s] on the unique facts and circumstances of each case." *Adventis, Inc.*, 2006 WL 1134129, at *5. The tacking analysis is: (1) a comparison; (2) of trademarks' respective impressions; (3) conveyed upon average consumers of the goods in question. Each component involves a classic ad hoc evaluation appropriate for jury resolution.

At its most basic level, tacking compares two trademarks. *See Van Dyne-Crotty*, 926 F.2d at 1160 ("our inquiry must focus on both marks in their entirety to determine whether each conveys the same commercial impression"). Comparisons are ad hoc determinations best performed by juries. *See supra* p. 33-35. Even HFI concedes that juries are best situated to compare marks in the context of likelihood of confusion. Pet. Br. 24. Tacking involves the same type of comparative inquiry appropriate for a jury.

Next, tacking determines if two marks impart the "same, continuing commercial impression." *Van Dyne-Crotty*, 926 F.2d at 1159. This has been tacking's most dominant and consistent inquiry over time. *See supra* p. 18-21. Commercial impression is the meaning, idea, or mental impression that a trademark conveys or evokes. *See* Mark Gideon & Jacob Jacoby, *Continuing Commercial Impression: Applications and Measurement*, 10 Marq. Intell. Prop. L. Rev. 433, 434 (2006). Assessing such an impression is a quintessential jury function. *See supra* p. 35-37.

Finally, tacking evaluates the impression that trademarks impart on average consumers. "[A trademark is] a shorthand way that merchants communicate data to

the public about the attributes and qualities of their goods and services." Roger E. Schechter & John R. Thomas, *Intellectual Property: The Law of Copyrights, Patents and Trademarks* 759 (2003). Tacking assesses whether an altered trademark continues to communicate that data to the public. *See* Mark & Jacoby, *supra*, 434. That assessment places the public—consumers—at tacking's core. *See Brookfield*, 174 F.3d at 1048; *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty*, 926 F.2d at 1159. And, as with other trademark inquiries, it must be determined from the perspective of the relevant consumer group. McCarthy, *supra*, § 17:26 ("Commercial impression, like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services."). "Consumer opinion is dispositive because a fundamental purpose of trademark law is to create a marketplace in which consumers are not deceived or confused by competing merchants using similar marks." *Paleteria La Michocana, Inc.*, No. 1:11-cv-01623-RC, Docket No. 137 at 17 (D.D.C. 2014) (citations omitted).

Commercial impression is the type of "ordinary daily transaction[]" well-suited to juries. *Dunlop v. United States*, 165 U.S. 486, 499-500 (1897). It fundamentally differs from patent construction, as considered in *Markman*. "A patent is a legal instrument, to be construed, like other legal instruments, according to its tenor." *Markman*, 517 U.S. at 388. Construing legal instruments requires special knowledge, so it is "one of those things that judges often do and are likely to do better than jurors." *Id.* In contrast, ascertaining consumer perception does not require analogous specialized knowledge. It is not something that "judges often do," something that they are "likely to do better than jurors," or something

requiring "training." *Id.* Jurors better "reflect community standards" than any single judge. *Id.* at 389-90. Indeed, tacking more resembles the issue of whether two products are sufficiently similar to be infringing, an issue reserved for the jury in patent cases. *Id.* at 386.

In light of this, "[c]ourts have expressed reluctance toward placing themselves in the role of the relevant consumer." Gilson, *supra*, § 3.03 n.22.6 (citing *Triangle Publ'ns., Inc. v. Rohrlich*, 167 F.2d 969, 976 (2d Cir. 1948) (Frank, J., dissenting) ("As neither the trial judge nor . . . this court is . a teenage girl or the mother or sister of such a girl, our judicial notice apparatus will not work well unless we feed it with information directly obtained from 'teen-agers' or from their female relatives accustomed to shop for them.") (*overruled on other grounds by Monsanto Chem. Co. v. Perfect Fit Prods. Mfg. Co.*, 349 F.2d 389, 391 (2d Cir. 1965))).

> [I]t is less than ideal for a court, sitting in relative isolation, to speculate about what consumers may think regarding the similarity of two marks as a question of law. In fact, such a conclusion would be inconsistent with the rule in this Circuit that the "likelihood of confusion" inquiry, which requires a similar fact-intensive comparison between marks, is a question of fact for a jury to decide.

*Paleteria La Michocana, Inc.*, No. 1:11-cv-01623-RC, Docket No. 137 at 17 (D.D.C. 2014). "The opinion of a court sitting in its ivory tower sheds no light on an issue in which the everyday consumer is the more adept expert." *Adventis, Inc.*, 2006 WL 1134129, at *5.

### 2. The Tacking Inquiry Involves Extrinsic Marketplace Evidence

The tacking inquiry has to account for marketplace realities. "The creation of a market through an established symbol implies that people float on a psychological current engendered by the various advertising devices which give a trade-mark its potency. It is that which the [trademark law] protects." *Mishawaka*, 316 U.S. at 208. Hence, a brand is defined by its particular market, and a trademark's impression is inexorably defined by its marketplace. Factors such as length of trademark use, scope of use, niche markets, rationale for altering marks, and consistent use by a single owner necessarily impact the results in any tacking case. Proper evaluation of a trademark over time takes into account these extrinsic market issues because impression within that market is what creates the mark's unique "psychological function." *Id.* at 205.

Trademark scholars agree that marketplace context is critical to the analysis. McCarthy, *supra*, § 17:26; Mark & Jacoby, *supra*, 443-44, 447. HFI even implicitly concedes the value of marketplace considerations by describing tacking as a "highly discretionary calculation that take[s] into account multiple factors." Pet. Br. at 21. Clearly, it would be wrong to consider tacking in a vacuum, based merely upon the visual and aural similarities of the marks:

> Insofar as the consumers' perspective is determinative, it seems counter-intuitive to conclude, as have the Federal and Sixth Circuits, that the only relevant evidence is that of the visual or aural appearance of the marks themselves.

Mark & Jacoby, *supra*, 441-42.

In fact, we consider a variety of market factors to assess tacking. In *Beech-Nut*, for instance, the court considered issues particular to the tobacco market. 299 F. at 850-51. In *Baglin*, the Court allowed tacking, in part, because trademark modifications were compelled by plaintiffs' expulsion from France. 221 U.S. at 587-89, 598-99. In *Van Dyne-Crotty*, the analysis was influenced by the fact that the party seeking to tack had acquired a trademark from a third party operating in a "substantially different market" only for the purpose of trying to establish priority. 926 F.2d at 1158-60. In each case, courts considered marketplace realities.

Indeed, although courts treating tacking as a legal question purport not to consider marketplace factors, many actually do. *See, e.g., In re Dial-A-Mattress*, 240 F.3d 1341, 1347 (Fed. Cir. 2001) (considering the impact of an outside marketing campaign for the modified mark); *KeyCorp*, 99 F. Supp. 2d at 819-20 (considering evidence that the modified mark omitted "Savings And Loan" to expressly dissociate from recent market scandals); *Corporate Fitness Programs, Inc. v. Weider Health & Fitness, Inc.*, 2 U.S.P.Q.2d 1682, 1687-88 (T.T.A.B. 1986) (considering evidence of a ten-year break in actual trademark use); *General Mills, Inc. v. Frito-Lay, Inc.*, 176 U.S.P.Q. 148, 152-53 (T.T.A.B. 1972) (considering: (1) testimony demonstrating that FUNYUNS was adopted specifically to deemphasize any association with onions; (2) evidence that UNYUMS was abandoned through non-use prior to adoption of ONYUMS; and (3) evidence that covered products themselves differed).

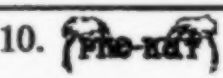
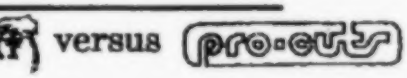
Tacking cases cited by HFI to explain the doctrine (*see* Pet. Br. 5) also considered arguably dispositive marketplace factors. *See George & Co.*, 575 F.3d at 395 n.12,

401 (the mark was an acronym for a descriptive or generic phrase, a factor rendering the court disinclined to grant trademark rights); *Pro-Cuts v. Schilz-Price Enter., Inc.*, 27 U.S.P.Q.2d 1224, 1227 (T.T.A.B. 1993) (the seemingly similar word marks were used alongside very different logos[10]); *Am. Paging, Inc. v. Am. Mobilphone, Inc.*, 13 U.S.P.Q.2d 2036, 2039 (T.T.A.B. 1989) (services offered under the altered mark were viewed as significantly different from the services offered under the original mark).

### 3. The "Legal Equivalents" Label Is A Conclusion, Not A Test

As tacking's history and evolution demonstrate, its *test* is whether two marks create the "same continuing commercial impression." *Van Dyne-Crotty*, 926 F.2d at 1159. Where they do, they are deemed "legal equivalents," a *conclusion*. HFI relies on the term "legal" in "legal equivalents" to advocate in favor of legal treatment (*see, e.g.*, Pet. Br. 18), but it ignores the actual test in favor of semantics. The actual test for tacking before, under, and following *Van Dyne-Crotty* is whether two marks create the "same continuing commercial impression." *See supra*, p. 18-21.

Although courts may refer to "legal equivalents" in connection with tacking conclusions, virtually all apply the "commercial impression" test to reach that conclusion. *See supra*, p. 18-21; *accord. Brookfield*, 174 F.3d at 1048; *Lincoln Logs*, 971 F.2d at 734 (finding that the TTAB correctly "applied this test" and came to the "conclusion" that the marks were not legal equivalents); *Eyal Balle*,

10.  versus 

2012 WL 6654113, at *3 ("As the marks fail to 'create the same continuing commercial impression,' we find that [they] are not legally equivalent.") (internal citation omitted).

Scholars agree that commercial impression is the test and deeming marks legal equivalents its conclusion. *See* Gilson, *supra*, § 3.03 (defining the tacking test simply as whether two marks create the "same, continuing commercial impression"); Mark & Jacoby, *supra*, 441 ("Marks are deemed to be legal equivalents if they create the same continuing commercial impression."); *accord.* Restatement (Third) of Unfair Competition § 30, comment b (1995) ("A change by the trademark owner in the form or appearance of a trademark will not result in abandonment if the new format continues the same commercial impression as the prior format.").

The tacking test is "continuing commercial impression," not that two marks must be "the same." Pet. Br. 2, 17. HFI misconstrues the following from *Humble Oil*:

> The only requirement in these instances is that the mark be modified in such a fashion as to retain its trademark impact and symbolize a single and continuing commercial impression. That is, a change which does not alter its distinctive characteristics represents a continuity of trademark rights. Thus, where the distinctive character of the mark is not changed, the mark is, in effect, the same and the rights obtained by virtue of the earlier use of the prior form inure to the later form.

165 U.S.P.Q. at 603-04. "[I]n effect, the same" means the marks must be the same in imparted "effect" (*i.e.*, commercial effect). In context, this merely reinforces the commercial impression test. Tacking only applies where a mark has been altered, so the marks cannot literally be "the same."

HFI's argument that marks must be "virtually identical" is similarly overstated. Pet. Br. 19. HFI suggests that when two marks differ at all in appearance or sound, "no more is necessary" to deny tacking because it is "categorically unavailable." *Id.* However, in all tacking cases the marks will necessarily differ visually or aurally to some degree. The quoted language from *Van Dyne-Crotty* simply explains that where marks differ too much, tacking cannot be allowed—a logical conclusion. *Van Dyne-Crotty*, 926 F.2d at 1159. In that circumstance, the two marks would not convey the same, continuing commercial impression, which is the test.

#### 4. Legal Treatment Would Not Increase Predictability

HFI argues that judges should create predictable legal tacking precedent. Pet. Br. 21. However, consumer impression analysis is inherently a de facto inquiry that produces seemingly varying results due to extrinsic factors, irrespective of the arbiter. Hence, one cannot plausibly create a body of predictable judicial precedent.

When viewing marks in isolation and without the benefit of marketplace context, judicial tacking determinations have always seemed to lack consistency. For instance, judges may differ as to whether a new term

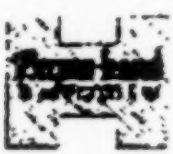
may be tacked onto an existing trademark. *See, e.g., Colonial Elec. & Plumbing Supply of Hammonton, LLC v. Colonial Elec. Supply, Ltd.*, 2007 WL 4571105, at *9-10 (D.N.J. 2007) (COLONIAL ELECTRIC → COLONIAL ELECTRIC SUPPLY allowed); *Wet Seal*, 82 U.S.P.Q.2d at 1635 (ARDEN → ARDENBEAUTY prohibited); *D&J Master Clean, Inc. v. Servicemaster Co.*, 181 F. Supp. 2d 821, 825-26 (S.D. Ohio 2002) (SERVICEMASTER → SERVICEMASTER CLEAN allowed).

Judges may also disagree over tacking a stylized version of a mark to the word version of that same mark. Many allow tacking under such circumstances. *See, e.g., Drexel Enters.*, 312 F.2d at 527 (HERITAGE in script → HERITAGE-HENREDON → HERITAGE in block lettering allowed). Other examples allowing tacking follow:

- *Dolfin Corp.*, 1982 U.S. Dist. LEXIS 10137, at *20-21 (image depicted in Trademark Registration Number 1,024,723):

DOLPHIN →


- *Loctite Corp.*, 516 F. Supp. at 218-19 (image depicted in Trademark Registration Number 876,820):

 → PERMABOND ADHESIVE POWER

- *Vacuum-Elecs. Corp. v. Elec. Eng'g Co. of Cal.*, 150 U.S.P.Q. 215, 216 (T.T.A.B. 1966):

→

→ EECO

Others courts have prohibited tacking under similar circumstances:

- *Data Concepts*, 150 F.3d at 623 (image depicted in McCarthy, *supra*, § 17:27):

→ DCI.COM

- *In re CTB, Inc.*, 52 U.S.P.Q.2d 1471, 1472-76 (T.T.A.B. 1999):

→ TURBO

- *Owens-Illinois, Inc. v. Optimist Int'l*, 173 U.S.P.Q. 120, 127 (T.T.A.B. 1972):

→ OI

Judges may disagree over whether design changes in stylized marks support tacking. Many allow tacking between marks with different stylized elements. *See, e.g.*, *Reynolds Consumer Prods.*, 2014 WL 794277, at *3-4 (changes to Reynolds Wrap box altering proportions of colored areas, writing in each, and adding "Trusted Since 1947" allowed). Other examples allowing tacking follow:

- *Paris Glove of Can., Ltd. v. SBC/Sporto Corp.*, 84 U.S.P.Q.2d 1856, 1862 (T.T.A.B. 2007):

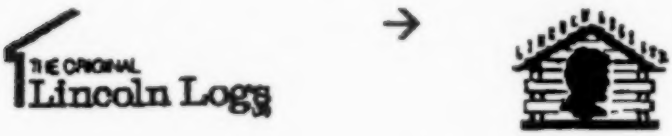
- *Jay-Zee, Inc. v. Hartfield-Zodys, Inc.*, 207 U.S.P.Q. 269, 271-72 (T.T.A.B. 1980):

Tacking has been prohibited under similar circumstances:

- *Louangel, Inc.*, 2013 WL 1223653, at *2-7:

- *Pro-Cuts*, 27 U.S.P.Q.2d at 1227:

- *Lincoln Logs*, 971 F.2d at 734-35:




And, judges may differ as to the extent altering a mark's wording is allowed. Altering word combinations has often been allowed. *See, e.g., Miami Credit Bureau*, 276 F.2d at 568 (CREDIT BUREAU OF GREATER MIAMI → MIAMI CREDIT BUREAU allowed); *John Winkler's Sons, Inc. v. Am. Express Co.*, 175 U.S.P.Q. 442, 444 (T.T.A.B. 1972) (THE CAREFREE PLAN → CAREFREE CRUISE allowed); *Hess's of Allentown*, 169 U.S.P.Q. at 677 (HESS BROTHERS, HESS'S OF ALLENTOWN → HESS'S allowed). Elsewhere, similar changes have been rejected. *See, e.g., Specht*, 758 F. Supp. 2d at 585 (ANDROID'S DUNGEON → ANDROID DATA prohibited); *Anthony's Pizza & Pasta Int'l Inc. v. Anthony's Pizza Holding Co.*, 95 U.S.P.Q.2d 1271, 1276 (T.T.A.B. 2009) (ANTHONY'S RUNWAY 84 → ANTHONY'S COAL-FIRED PIZZA prohibited), *aff'd*, 415 Fed. App'x 222 (Fed. Cir. 2010); *Ushodaya Enters., Ltd. v. V.R.S. Int'l, Inc.*, 63 F. Supp. 2d 329, 338 (S.D.N.Y. 1999) (PRIYA → PRIYA PICKLES, HOMEMADE BY VASUDEVAN FAMILY prohibited).

Surely, these varying results demonstrate tacking's ad hoc nature and market considerations' critical place

in tacking analysis. In a vacuum, tacking results do not reconcile and accordingly, creating a framework of judicial legal precedent would be impracticable.[11]

### 5. Legal Treatment Would Promote Less Equitable Results

HFI argues that tacking law would be more equitable if judges decide it because judges allow tacking less often than juries. Pet. Br. 24. However, the pertinent question is not which arbiter is more likely to permit tacking. It is which arbiter is better suited for the job. A jury representing a group of consumers has a broader and better perspective to evaluate consumer perception, irrespective of the outcome in any one particular case. *See supra* p. 41-44. So long as the best arbiter (a jury) applies the proper test (continuing commercial impression), tacking application will be at its most equitable irrespective of the allowance or disallowance rate.

Still, HFI argues that because the jury allowed tacking in this case, tacking determinations by juries must be too lenient. Pet. Br. 24. It argues that tacking "should have been put to the court" instead of a jury. Pet. Br. 25. *It was.* HFI put tacking to the court on summary

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11. HFI also argues that trademark owners seeking to modify marks require predictability to ascertain acceptable alterations. Pet. Br. 26. However, these owners should look to marketplace studies, focus groups, or surveys of their own customers to ascertain commercial impression. Predictability derives from consistent treatment of a specific brand within a specific marketplace context, not from evaluating different brands on different products, in different marketing channels, and among different consumers.

judgment—and lost. JA83-85. It appealed seeking a jury trial—and lost again before a jury. *Both judge and jury reached the same conclusion*—finding priority in favor of Hana Bank notwithstanding HFI's "improper tacking" argument.

### 6. Legal Treatment Would Decrease Judicial Efficiency

Judicial efficiency would go down, not up, if courts were to treat tacking as a legal issue. If it were a legal question, tacking would encompass a less restrictive *de novo* appellate review standard. *See Salve Regina College v. Russell*, 499 U.S. 225, 238 (1991) ("When *de novo* review is compelled, no form of appellate deference is acceptable."). Hence, litigants would more likely appeal tacking decisions in the hope of obtaining a more favorable result from an arbiter further removed from the case's facts.

On a broader scale, treating tacking as a matter of law would signal that even fundamental elements of claims undisputedly guaranteed a jury trial may be separately parsed for determination by a judge. This would encourage appeals of substantive jury decisions on the theory that some element or subpart of a claim unfavorably decided to the losing party should have been reserved for the judge, an appellate theory that is available independent of weight of the evidence, reasonableness of a jury's decision, or alternate bases for a jury verdict. Encouraging such appeals not only decreases judicial efficiency, but runs against Seventh Amendment policy favoring juror determination of "ultimate issues" within jury claims.

Furthermore, when HFI argues that legal treatment would increase judicial efficiency, it incorrectly assumes that the only time tacking can be adjudicated before trial is if it were a legal question. Pet. Br. 27. As with any factual issue, tacking can still be summarily adjudicated where "reasonable minds cannot differ." *See, e.g.*, *Specht*, 758 F. Supp. 2d at 583 (tacking an issue of fact but decided as a matter of law on summary judgment); *Colonial Elec.*, 2007 WL 4571105, at *10 (tacking allowed on summary judgment); *PBI Performance Prods., Inc. v. Norfab Corp.*, 514 F. Supp. 2d 725, 731 (E.D. Pa. 2007) (tacking prohibited on summary judgment).

And, HFI is wrong when it suggests that reasonable minds can never differ on tacking due to the strictness of the standard. Reasonable minds often differ over tacking, even when it is treated as a matter of law. *See supra* p. 49-54. Do those inconsistencies mean the deciding judges were unreasonable? Of course not. They merely reflect tacking's ad hoc nature as a comparison evaluating consumer impression.

### 7. Tacking Is Not Suited To Mechanical Application Of Precedent

HFI advocates applying tacking by comparing marks against legal precedent, and allowing tacking only where third parties successfully tacked similar marks. Pet. Br. 21. HFI's supporting citation to *Bose* implies that arbiters need tacking precedent to "give[] meaning" to tacking's "legal equivalents" conclusion sufficient to apply tacking in any "specific factual situation[]." *Id.* But whether two marks are legal equivalents is not an amorphous standard requiring clarification through precedent. It

is a conclusion drawn after applying a clear test—the continuing commercial impression test. Precedent regarding different marks under different circumstances is not necessary.

HFI's proposal is impracticable as shown by the varying results of historical precedent, even as to identical tacking patterns. *See supra* p. 49-54. And, as HFI concedes, tacking is to remain a "flexible" doctrine that "avoids mechanical rules." Pet. Br. 36. Disparate results make sense in this type of ad hoc inquiry.

HFI's proposed method also contradicts trademark policy. HFI fears overextending trademark owners' property rights, perceiving it anticompetitive should an owner retroactively expand rights through tacking. Pet. Br. 18. Trademark law's consumer focus adequately addresses that concern. Consumer perception inherently limits the scope and ownership of trademarks. Trademarks are not true property, but run appurtenant to goodwill established with the public through actual use. *See Hanover Star*, 240 U.S. at 413-14; *United Drug Co.*, 248 U.S. at 97. HFI suggests that trademark owners should receive rights analogous to what previous third parties obtained (*i.e.*, you get what others before you got). But trademark rights do not align that way. They align with consumers' actual experience with the mark in question (*i.e.*, you get what consumers perceive you to have).

The continuing commercial impression test strikes a proper balance between requiring continued trademark use to maintain rights and allowing alterations by tethering acceptable changes to the impression they make on the public. Requiring more would unacceptably sever

brand goodwill that the public perceives as continuing and ongoing.

## III. Hana Bank's Trademark Priority Was Properly Decided Below

It is unclear whether the jury, in construing Hana Bank's trademark priority, applied tacking at all. But if it did, it most likely applied tacking as between the Korean and English versions of the mark HANA BANK. Hana Bank has consistently relied upon its Korean mark (하나은행 and 하나은행) to establish priority. *See, e.g.*, JA65; JA205-207; JA 208; JA211. That mark featured prominently in its 1994 advertisement and on customer applications. JA205-207; JA208; JA211. Following Hana Bank's initial 1994 advertisement, it conducted substantial ongoing business with United States customers under the HANA BANK mark, servicing over 11,500 people in the United States, remitting over $37 million on their behalf, and wiring funds to American customers almost daily. Pet. App. 6a-7a.

The marks 하나은행 and 하나 Hana Bank render the "same, continuing commercial impression" and do not "materially differ." *Van Dyne-Crotty*, 926 F.2d at 1159. The same is true for the marks 하나은행 and HANA BANK. *Id.* The word components are identical to relevant consumers, namely those who read both the Korean and English languages. *See Brookfield*, 174 F.3d at 1048 (tacking assesses the perspective of relevant consumers of the goods in question). They have identical meanings. The "Hana" portion of each sounds identical because "Hana" is the English-character phonetic spelling of 하나은. Indeed, the marks differ only in that one is in Korean

and the other is in English: the same words spelled with different alphabets.

Tacking these marks is clearly appropriate because they are "in effect, the same." *Humble Oil*, 165 U.S.P.Q. at 603-04. Even the TTAB, which rarely permits tacking, allows it under similar circumstances. The TTAB allowed tacking as between Cyrillic language marks that were later modified to add English translations because "the Roman lettering is simply a translation or transliteration of the mark, and as such does not significantly change the meaning of the mark." *ZAO Gruppa*, 2011 WL 3828709, at *17 (internal citation omitted).

Indeed, translations of marks, which are referred to as foreign equivalents, are routinely treated as legal equivalents in other trademark contexts. *See, e.g., Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 443 (5th Cir. 2000) (CHUPA translated to LOLLIPOP); *Otokoyama Co. v. Wine of Japan Imp., Inc.*, 175 F.3d 266, 272 (2d Cir. 1999) (OTOKOYAMA translated from Japanese to English); *Volkswagenwerk Aktiengesellschaft v. Church*, 256 F. Supp. 626, 629 (S.D. Cal. 1966) (translating VOLKSWAGEN to PEOPLE'S CAR to determine distinctiveness), *aff'd*, 411 F.2d 350 (9th Cir. 1969).

Korean language marks fall within this line of cases where the target audience speaks Korean. *See In re Thomas*, 79 U.S.P.Q.2d 1021, 1024 (T.T.A.B. 2006) ("'ordinary American purchaser' refers to the ordinary American purchaser who is knowledgeable in the foreign language," not consumers generally) (citing McCarthy, *supra*, §23:36 ("The test is whether, to those American

buyers familiar with the foreign language, the word would denote its English equivalent.")); *In re Am. Safety Razor Co.*, 2 U.S.P.Q.2d 1459, 1460 (T.T.A.B. 1987) (evaluating Spanish language mark in the context of its product's "Spanish-speaking purchasers"). Hana Bank's 1994 ad targeted fluent Korean speakers. JA205-207. After all, it appeared in a Korean language publication. *Id.* HFI's statement that the "ordinary American purchaser" does not speak Korean (Pet. Br. 42) is inapposite where, as here, the mark's actual target audience does. The ordinary American purchaser of Hana Bank's services clearly speaks Korean. In fact, the 1994 advertisement itself specifies that membership in Hana Bank's "Overseas Korean Club" is contingent on the customer being bilingual in both English and Korean. JA207.

Clearly, a variety of marketplace factors bolster the conclusion that Hana Bank's trademark priority was properly decided below. Hana Bank's target customers were primarily Korean expatriates, spoke Korean fluently, conducted business with Hana Bank in both English and Korean, and were familiar with Hana Bank by the time its 1994 advertising campaign began. JA207; Pet. App. 5a, 16a-17a. Early customer response to Hana Bank's advertisement further demonstrates that consumers recognized its Korean mark and knew that the advertised services originated from Hana Bank. JA202-203.

Although not required to find priority in this context, jurors could also reasonably consider the phrase "HANA Overseas Korean Club" as part of the priority analysis. "HANA" is the key element of that phrase, just as it is part of the 하나은행, 하나은행, and HANA BANK marks, and tacking can be premised upon "continuous use of [a] 'key

element'" even after dropping other "non-essential" words. *Sands, Taylor & Wood Co.*, 978 F.2d at 955 (THIRST-AID FIRST AID FOR YOUR THIRST → THIRST-AID allowed) (citation omitted). Discontinuing use of non-essential words, while retaining a mark's key element, does not necessarily alter commercial impression. *See Jimlar Corp. v. Army & Air Force Exch. Serv.*, 24 U.S.P.Q.2d 1216, 1221 (T.T.A.B. 1992) (A CLUB BY AMERICAN EAGLE → A CLUB allowed); *Puritan Sportswear*, 307 F. Supp. at 389 (PURITAN SPORTSWEAR THE CHOICE OF ALL AMERICANS → PURITAN allowed); *Sec. Bank v. Am. Sec. & Trust Co.*, 571 F.2d 564, 567 (C.C.P.A. 1978) (AMERICAN SECURITY BANK → AMERICAN SECURITY allowed); *Proxite Prods.*, 206 F. Supp. at 513-14 (PROX BONNIE BLUE → BONNIE BLUE allowed).

To lend context, readers encountering Hana Bank's 1994 ad viewed the Hana Bank marks akin to how Americans in Korea might view an English newspaper directed to English expatriates introducing the:

(where the Korean words translate to WELLS FARGO Overseas American Club). The reader would understand the ad as offering WELLS FARGO services to Americans living overseas in Korea. Hana Bank's advertisement read no differently to Korean expatriates residing in America.

Finally, it is unlikely that the jury evaluated the marks HANA Overseas Korean Club, HANA World Center and HANA BANK in isolation given trial evidence overwhelmingly highlighting Hana Bank's more dominant 하나은행 and 하나은행 marks. However, even that tacking

application can be supported by case law allowing tacking where the dominant feature of a mark (here HANA) creates a continuing impression within altered marks. *See Baglin*, 221 U.S. at 589, 598 (CHARTREUSE → LIQUEUR DES PÈRES CHARTREUX and LIQUEUR FABRIQUÉE À TARRAGONE PAR LES PÈRES CHARTREUX allowed); *Drexel Enters.*, 312 F.2d at 527 (HERITAGE → HERITAGE-HENREDON → HERITAGE allowed); *Miami Credit Bureau*, 276 F.2d at 568 (CREDIT BUREAU OF GREATER MIAMI → MIAMI CREDIT BUREAU allowed as "obviously synonymous"); *Bionetics Corp. v. Litton Bionetics, Inc.*, 218 U.S.P.Q. 327, 330 (T.T.A.B. 1983) (BIONETICS RESEARCH LABORATORIES and LITTON BIONETICS INC. → BIONETICS allowed under tacking analysis in the context of trade names because BIONETICS was the dominant, "salient feature" of each mark); *John Winkler's Sons, Inc.*, 175 U.S.P.Q. at 444 (THE CAREFREE PLAN → CAREFREE CRUISE allowed); *Hess's of Allentown*, 169 U.S.P.Q. at 677 (HESS BROTHERS and HESS'S OF ALLENTOWN → HESS'S allowed based on continued use of the "salient" term HESS).

## CONCLUSION

Tacking is an issue of fact. Hana Bank respectfully requests that this Court affirm the decision of the Ninth Circuit Court of Appeals in its entirety, and bring other circuit courts, including the Sixth Circuit and Federal Circuit, in alignment. Should this Court instead determine that tacking is exclusively a matter of law, Hana Bank requests that the case be remanded for further proceedings on remaining issues of trademark priority, laches, and unclean hands to the extent such issues have not yet been addressed below.

Respectfully submitted,

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# REPLY BRIEF

No. 13-1211

# In the Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

v.

HANA BANK AND HANA FINANCIAL GROUP,

*Respondents.*

**On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## REPLY BRIEF FOR PETITIONER

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## REPLY BRIEF FOR PETITIONER

Respondents and the government do not come to grips with two principal issues in this case. They misstate the substance and central point of the trademark tacking doctrine. And they do not take account of tacking's origin as an equitable rule.[1]

*First*, although all agree that the question whether two trademarks create the same "continuous commercial impression" bears heavily on the tacking inquiry, that is not the be-all and end-all of the matter. Tacking turns fundamentally on whether the earlier and later marks have the same preemptive scope—that is, whether tacking the later to the earlier mark would expand the monopoly rights of the original.

This inquiry requires a *prospective* determination whether the earlier and the later marks would, going forward, have a substantially identical preemptive effect. This is a legal determination that is beyond the competence of a jury. Respondents and the United States therefore are wrong in contending that the "legal equivalents" requirement is nothing more than a shorthand reference to trademarks that create the same "continuous commercial impression;" courts

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[1] The government's interest in this case is not immediately apparent. The government notes that the PTO's Trademark Trial and Appeal Board ("TTAB") resolves trademark tacking questions. U.S. Br. 1-2. But the TTAB has taken the position that trademark tacking is a question of law—that is, our position. See, *e.g.*, *Wet Seal, Inc.* v. *FD Mgmt., Inc.*, 82 U.S.P.Q.2d 1629 (T.T.A.B. 2007) ("Tacking is a question of law.").

uniformly have used the "legal equivalents" formulation because the controlling test is, in fact, legal in nature.

The "legal equivalents" test, therefore, requires a prospective analysis of the legal effect of both the original and the altered mark. That turns on a judgment as to the range of competing marks that each is likely to (and likely not to) exclude. This judgment ultimately balances two competing interests—the fairness interests due a trademark holder who wishes to "polish up" a mark, measured against the anticompetitive effects of a retroactive enlargement of a trademark. This analysis should be guided by tacking precedent, creating the predictability necessary in this important market for property rights.

This case is a paradigmatic example of the unwarranted results that flow from respondents' argument. Viewing trademark tacking as a question for a jury, the courts below permitted respondents to rely on the legal fiction that they first used the mark HANA BANK in 1994, by virtue of their use of HANA OVERSEAS KOREAN CLUB, even though their first use of HANA BANK actually occurred in 2001. But there is no denying that these marks create very different monopoly rights: HANA BANK serves to exclude a different and much broader range of marks than does HANA OVERSEAS KOREAN CLUB. The clear effect of respondents' rule is that a trademark owner may, years after the fact, retroactively alter the original monopoly, unfairly squeezing out intervening users.

*Second*, tacking—both in the specific context of trademark law and in other applications—is an equitable doctrine, designed to mitigate the harsh results

that would follow from mechanical application of a rigid legal rule. Respondents concede that the most analogous historical use of tacking—mortgage lien tacking—was a doctrine of equity for which a jury was not required. For that reason as well, tacking disputes should be resolved by a judge.

### A. Only a court may decide whether two marks are "legal equivalents."

The parties' briefs reveal a fundamental disagreement as to what it means for two marks to qualify as "legal equivalents." Our view is that this test is satisfied, and that tacking is appropriate, only where the altered mark does not expand the monopoly rights conferred by the initial mark. To be "legal equivalents," accordingly, the two marks must have a substantially identical preemptive scope; they must have, in other words, the same legal effect. See Pet. Br. 19. This approach is fundamental to the limit courts have consistently imposed on tacking and is compelled by the tacking doctrine's rationale. If this is the correct understanding of what it means for two marks to be "legal equivalents," only a judge may resolve the issue.

Respondents and the government, in contrast, view the "test" for "legal equivalents" as asking nothing more than whether the marks create the same continuing commercial impression. Resp. Br. 48. See also *id.* at 49 (characterizing as "overstated" our assertion that the two marks must be "virtually identical"); U.S. Br. 14. On this view, the test is not materially different from the one used to determine trademark infringement.

Respondents' view, which would unduly broaden the tacking doctrine, is wrong.

### 1. *Two marks are legal equivalents only if the later mark does not expand the preemptive scope of the earlier mark.*

a. It has long been understood that a trademark owner may alter his or her mark to "redecorate," "reornament," or to "polish it up." *Beech-Nut Packing Co.* v. *P. Lorillard Co.*, 299 F. 834, 850 (D.N.J. 1924). This is the essence of the tacking doctrine, as all parties agree. See, *e.g.*, Resp. Br. 17; U.S. Br. 3.

But courts have consistently recognized a critical limitation on tacking. More than a century ago, the D.C. Circuit identified the fundamental balance inherent in a tacking determination: although an owner may make insubstantial alterations to a mark, the owner "has no right" "to change" his or her mark such that it "will conflict with a mark which was in use at the time of the change, and which did not conflict with the prior registration." *In re Reisch Brewing Co.*, 39 App. D.C. 445, 447 (D.C. Cir. 1912). That is to say, an owner may not tack a third-in-time mark to a first-in-time mark, in a way that unfairly squeezes out second-in-time users.

The Federal Circuit likewise has explained that it would "be clearly contrary to well-established principles of trademark law to sanction the tacking of a mark with a narrow commercial impression onto one with a broader commercial impression." *Van Dyne-Crotty, Inc.* v. *Wear-Guard Corp.*, 926 F.2d 1156, 1160 (Fed. Cir. 1991). The TTAB also holds that tacking is available only where no other party would be "damaged" by treating the earlier and later marks as equivalent. *Compania Insular Tabacalera, S.A.* v. *Camacho Cigars, Inc.*, 167 U.S.P.Q. 299, 303 (T.T.A.B. 1970).

In this setting, Saul Lefkowitz, then the chairman of the TTAB, explained that tacking relies "on the theory" that tacking one mark to another will not "damage[]" another party because the two marks are "the same" or "substantially identical." Saul Lefkowitz, *Tips from the TTAB*, 66 Trademark Rep. 530, 531-532 (1976). On the other hand, the owner of a mark "should not be permitted by expansion of its operations to extend the use of registration of its marks" when "the result could be a conflict with the prior use and/or registration by another." *Id.* at 532.

To be sure, squeezing out *some* intervening users is the very purpose of trademark tacking. The doctrine permits the owner of the original mark to make an alteration without fear that an intervening user, who *infringes* the original mark, can exploit the owner's alteration of the original mark so as to gain priority. But what tacking may not tolerate is the owner of a mark *expanding* his or her rights, tacking it to the first-in-time mark, and thus squeezing out a second-in-time user that did *not* infringe the original mark.

Trademark tacking, accordingly, has a limit: a trademark owner may not use tacking to retroactively expand the monopoly established by the initial mark. See, *e.g.*, Pet. Br. 1, 13, 17-18, 40. Neither the respondents nor the government contest this premise.

b. This limit on tacking informs what it means for two marks to qualify as "legal equivalents." To qualify as "legal equivalents," the two marks must have substantially identical preemptive scopes. Pet. Br. 19. Viewed in this light, only a court can make the relevant determination.

To decide whether the altered mark is the "legal equivalent" of the original, a court must identify the preemptive scopes of the old and the new mark, comparing whether they substantially overlap. This requires a prospective judgment as to what the marks are likely to (and are likely not to) exclude. And it further requires a legal judgment as to whether these preemptive scopes differ in any material way. This judgment must balance the competing interests at stake—the owner's interest in polishing up a mark, weighed against the anticompetitive effects of a retroactive expansion of trademark rights.[2]

Doubtless, in making this determination a court will examine the aural and visual similarities between the marks, as well as the extent to which the marks convey the same consumer perception, as these factors help inform what a mark does or does not preempt. Pet. Br. 19. Thus, where relevant, the "marketplace evidence" that respondents describe may bear on the extent of the exclusive rights conferred by each mark. Resp. Br. 45-47. But these considerations are not the end of the matter—they are inquiries undertaken in service of the ultimate determination whether the two marks have the same *legal effect* in the market.

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[2] Respondents argue that juries, as a general matter, have the ability to make some kinds of comparisons (Resp. Br. 33-35) and that tacking involves a kind of comparison (*id.* at 42-43). Although both points may well be true, respondents' conclusion does not follow. If, as we contend, the relevant comparison is the preemptive scope of the two marks, viewed in light of the competing policy interests and established case law, the relevant comparison *here* is *legal* rather than factual, and thus one that only a court can conduct.

c. Moreover, as a practical matter, application of this test must be guided by precedent, which creates a framework for assessing whether two marks have sufficiently similar preemptive scopes so as to make tacking appropriate. As we showed, an understanding of tacking that is governed by precedent creates the predictability necessary for trademark owners who are contemplating tweaking or updating their marks. See Pet. Br. 26-27.

Respondents do not deny that only a judge can apply precedent in resolving particular cases. Their response, instead, is to suggest that tacking is nothing more than an "ad hoc" determination (Resp. Br. 41-43) that results in "seemingly varying results" *regardless* "of the arbiter" (*id.* at 49). Their conclusion is, apparently, that any effort at establishing consistency with respect to the application of tacking is a fruitless enterprise, as one case can never establish guidance for the next.[3] But that contention is incorrect. Court after court has, in considering the application of tacking, drawn guidance from past examples. See Pet. Br. 22-23; *George & Co.* v. *Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009) ("[T]he case law is firmly against the conclusion that LCR and LEFT CENTER RIGHT are legal equivalents for

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[3] The government takes a different tack. See U.S. Br. 21-23. It instead suggests that precedent can establish, through summary judgment, "the outer boundaries of permissible tacking." *Id.* at 30. But knowing the "outer boundaries" of tacking provides scant comfort to a business considering an alteration to its important mark. Moreover, for reasons we will explain, if tacking is viewed as a question of fact, the summary judgment mechanism asks the wrong question. See *infra*, 10 n.5.

purposes of tacking."). Although tacking is not reducible to a mathematical formula and will entail a measure of judgment, treating precedent as an instructive framework creates vastly greater predictability than respondents' jury-by-jury approach.

*2. Because a jury cannot compare the legal effect of the two marks, treating tacking as a jury question would greatly expand the doctrine.*

a. Respondents' position reveals a very different understanding of what it means for trademarks to be "legal equivalents." In their view, trademark tacking differs little from the test for trademark infringement—both "compare[] trademarks by assessing their impression upon consumers." Resp. Br. 24. It "requires," according to respondents, "a subjective assessment of trademarks' respective commercial impressions in the eyes of relevant consumers." *Ibid.*

On this view, assigning the tacking inquiry to a jury makes the question turn on "a consumer perception inquiry, assessing the relative impression two trademarks convey upon average consumers." Resp. Br. 41. Necessarily, this understanding transforms tacking from the legal question whether the two marks have the same *legal effect* (that is, whether they have substantially identical preemptive scopes) to a factual question as to whether the new mark creates the same "public perception" as the old one. *Id.* at 35-37.

On the face of it, this test makes tacking substantially similar to trademark infringement.[4] But

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[4] Respondents argue, in part, that the relevant test for

trademark infringement was designed to be a broad doctrine. Because a mark serves to exclude beyond its literal terms, the infringement doctrine is designed to prohibit the use of a mark that differs in material ways from an existing mark but nonetheless has the capacity to confuse consumers. Thus, "exact similarity is not required" to show infringement. *McLean* v. *Fleming*, 96 U.S. 245, 255 (1877). Indeed, "[i]t is not necessary to constitute an infringement that every word of a trademark should be appropriated." *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U.S. 19, 33 (1900).

Applying the broad infringement test, a court found that there is "a strong similarity" in the marks WAVE, ACOUSTIC WAVE, and POWERWAVE. *Bose Corp.* v. *QSC Audio Prods., Inc.*, 293 F.3d 1367, 1378 (Fed. Cir. 2002). The use of PLEDGE for furniture wax was found confusingly similar to PROMISE, the use of MR. PLYWOOD for homebuilding supplies was confusingly similar to MR. PANEL, and FACE TO FACE skin cream was confusingly similar to CHEEK TO CHEEK. See 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:29 (4th ed. 2014). By design, the infringement test reaches marks that, while confusingly similar, confer very different exclusive rights.

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trademark infringement should bear on the question presented here. See, *e.g.*, Resp. Br. 21-24. We do not agree. Although the issue is not presented here and will not be resolved in this case, we do not quarrel with the proposition that trademark *infringement* could be viewed as a question of fact. But the interests that control the meaning of "legal equivalents," an inquiry unique to tacking law, compel a different result. So, too, does the equitable nature of the doctrine.

b. Adopting this approach for tacking, accordingly, would result in the expansion of the circumstances in which tacking may be approved. Respondents assert that a jury will decide "whether an altered trademark continues to communicate" the same "data to the public" as the earlier mark. Resp. Br. 43. That means a jury will decide whether the altered mark is *within* the original mark's scope of preemption. Juries will often find this test satisfied, concluding that the two marks convey the same basic consumer impression, even though the preemptive scope of the later mark differs from the earlier one as a legal matter.

Chairman Lefkowitz warned against precisely such an expanded approach to tacking: the "test" for tacking "is not whether or not the marks are confusingly similar because the criteria for such a determination are broad enough to encompass any situation where the marks involved may be different yet be alike either in sound, appearance or significance." Lefkowitz, 66 Trademark Rep. at 532.

Under respondents' framework, the preemptive scope of the *later* mark—and whether it has altered the monopoly of the original mark—is irrelevant.[5] Respondents' approach therefore has no safeguard

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[5] Respondents' repeated focus on the mechanism of summary judgment (see, *e.g.*, Resp. Br. 9 n.4, 54-55, 56; see also U.S. Br. 21, 24-25, 30) is thus no answer to this reality. As the briefing has revealed, the parties disagree about what it means for two marks to be "legal equivalents." If the inquiry is deemed one suitable for a jury, it changes the substance of the test itself, meaning that the summary judgment proceeding will resolve the wrong question.

that prevents a trademark owner from altering a mark, tacking it to the first-in-time mark, and then using the tacked mark to squeeze out intervening users whose second-in-time mark does not infringe the *first*-in-time mark.

One need look no further than this case for such an effect. Here, the jury was instructed that tacking is appropriate where the two marks are "legal equivalent[s]." JA173. Yet it approved tacking among HANA BANK, HANA WORLD CENTER, and HANA OVERSEAS KOREAN CLUB. Respondents do not even attempt to challenge our demonstration that the preemptive scopes of these marks differ drastically from one another. See Pet. Br. 24-25, 38-41. Yet the jury did not consider the legal effects of the three marks because it lacked the capacity to do so.

c. Notwithstanding our focus on the anticompetitive effects of treating tacking as a question of fact (see, *e.g.*, Pet. Br. 14, 17-18, 24-25, 41), respondents' only response is their assertion that "[c]onsumer perception inherently limits the scope and ownership of trademarks." Resp. Br. 57. But they do not explain how this is so, nor do they demonstrate how that protects the interests of other market participants. Juries will regularly view two marks as producing the same or similar consumer perception—which is why juries may find non-identical marks to be infringing—but that says nothing about whether the two marks have the same *legal effect*.

Respondents instead try to draw analogies to other questions that are properly put to a jury. Their examples all, as the government says, involve "the application-of-legal-standard-to-fact sort of question[s]." U.S. Br. 25 (quotation omitted). A jury may,

accordingly, decide whether a specific device infringes a patent (Resp. Br. 35-36), whether certain circumstances qualify as negligent (*id.* at 36-37), whether particular material is obscene (*id.* at 37), or whether a defendant's conduct satisfies the legal elements of a crime (U.S. Br. 25-26, citing *United States* v. *Gaudin*, 515 U.S. 506 (1995)).

But tacking is not an "application-of-legal-standard-to-fact" kind of question. It instead rests on the legal determination whether the preemptive scopes of the old and new marks—judged in light of the competing policy interests and the case law—are substantially identical. It looks to the *legal effect* of the two marks in *all* cases—not just whether one particular mark infringes another in a *specific* case. This requires a prospective judgment, balanced against case law, that only a court can perform.

### B. History demonstrates that tacking is an equitable doctrine and thus properly resolved by a court.

This functional consideration is bolstered by the historical reality that application of the trademark tacking doctrine at its inception, and for many years afterward, was seen as a judicial function. Despite the longstanding existence of the tacking doctrine, respondents cannot identify a single historical case in which the tacking question was put to a jury. And that is for good reason: trademark tacking, like other uses of the "tracking" doctrine, is an equitable rule. Tacking is thus no different than other equitable doctrines that are aspects of trademark law, such as laches and unclean hands, all of which are matters decided by a judge, not a jury.

1. Despite acknowledging that trademark tacking has long been a part of the law (Resp. Br. 17-18), respondents cannot point to *any* example from the doctrine's early years suggesting that trademark tacking was viewed a question of fact for the jury. Every case identified, accordingly, supports our showing that trademark tacking was, historically, a function solely for the court. Thus, at its inception and for many subsequent years, application of the tacking doctrine was understood to be suitable for a judge—a history that sheds light on the nature of the doctrine and tends to confirm that it does, in fact, present an issue of law.

Nor can respondents demonstrate a single early example where trademark tacking turned on extrinsic evidence—where, that is, the tacking inquiry turned on consumer surveys, opinion polls, or other disputable questions of fact. In *every* case, the court identified the marks in question, considered the relevant trademark policy implications, sometimes consulted precedent, and arrived at a result. While it is true, as respondents note, that some of these cases arose in equitable suits (Resp. Br. 30), where a jury would not have been available regardless of the presence of a factual question, the important point is that in each case the tacking inquiry was treated as one of law. See Pet Br. 30-35.[6]

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[6] In any event, it is not true that each of these cases arose in equity. In *John Morrell & Co.* v. *Hauser Packing Co.*, 20 F.2d 713, 713 (9th Cir. 1927), for example, a court dismissed a trademark infringement suit and the Ninth Circuit affirmed—deciding the tacking issue on its own. See Pet. Br. 33. Respondents have no answer.

Thus, for example, in *Beech-Nut Packing Co.* v. *P. Lorillard Co.*, 273 U.S. 629, 632 (1927), where the Court specifically affirmed "the finding of two courts that the right to use the mark had not been lost"—i.e., that tacking was appropriate. The Court approved the district court's analysis, which turned on whether the denial of tacking, in a particular case, would be "unreasonable"—a determination it reached as a legal matter, without any role for factual adjudication. *Beech-Nut Packing Co.*, 299 F. at 850.

Nor do respondents challenge that agency determinations involving trademark tacking proceeded using legal modes of analysis, without any resolution of factual disputes. See, *e.g.*, *Salem Commodities, Inc.* v. *Miami Margarine Co.*, 244 F.2d 729, 731 (C.C.P.A. 1957); *Worden* v. *Cannaliato*, 285 F. 988, 989 (D.C. Cir. 1923); *In re Reisch Brewing Co.*, 39 App. D.C. at 446-447; *Vacuum-Elecs. Corp.* v. *Elec. Eng'g Co.*, 150 U.S.P.Q. 215, 216 (T.T.A.B. 1966). Although the agency does not use a jury, the mode of analysis is what matters.

The evidence is, accordingly, entirely one-sided. The only conclusion it supports is that the tacking inquiry historically has been understood to be a task for the court, not the jury.

2. This conclusion follows the fact that tacking is an equitable doctrine, akin to other such doctrines that are elements of trademark law. See *Agfa Corp.* v. *Creo Prods. Inc.*, 451 F.3d 1366, 1375 (Fed. Cir. 2006) ("This court has consistently treated inequitable conduct as an equitable defense that may be adjudicated by the trial court without a jury."); *Smith* v. *World Ins. Co.*, 38 F.3d 1456, 1462 (8th Cir. 1994) ("[T]he determination of equitable defenses and equi-

table remedies is a matter for the court to decide, not the jury.").

Respondents do not address any aspect of the substance of our contention on this point. They do not dispute that "priority of appropriation" requires that "the claimant of the trade-mark must have been the first to use or employ" it. *Columbia Mill Co.* v. *Alcorn*, 150 U.S. 460, 464 (1893). Mechanically applied, respondents apparently concede, this rule could lead to "unreasonable" results, as a trademark owner would lose priority simply by "polish[ing] * * * up" a mark. *Beech-Nut Packing Co.*, 299 F. at 850. Nor do respondents contest that trademark tacking performs a quintessential equitable role—it creates a "flexibility" that "avoid[s] mechanical rules." *Holland* v. *Florida*, 560 U.S. 631, 650 (2010) (quotation omitted).

Of course, in applying tacking as an equitable principle, courts "can and do draw upon decisions made in other similar cases for guidance," as courts must "exercise judgment in light of prior precedent." *Holland*, 560 U.S. at 650.[7] But the task here—considering whether the preemptive scope of two marks is substantially identical, guided by precedent—is the kind of equitable analysis designed to mitigate the otherwise harsh results that stem from strict application of the priority doctrine.

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[7] The government's contention that tacking is controlled by a legal standard is thus irrelevant. U.S. Br. 29. Equitable rules employ standards. Laches, for example, generally requires proof of knowledge, inexcusable delay, and prejudice. *Saratoga Vichy Spring Co.* v. *Lehman*, 625 F.2d 1037, 1040 (2d Cir. 1980).

The propriety of this approach is confirmed by the equitable nature of tacking in other contexts involving property rights. Respondents acknowledge that "mortgage tacking" "was established at equity in England." Resp. Br. 40. Exercise of this doctrine was indisputably an equitable power, both as it existed in English chancery courts and while it was applied in this country. Pet. Br. 37. See also 2 Richard Holmes Coote & Sydney Edwards Williams, *A Treatise on the Law of Mortgages* 1240 (7th ed. 1904).

Mortgage tacking is closely analogous to the doctrine of trademark tacking: it permits the holder of a third-in-time lien to "tack" his or her lien with the first-in-time lien, which—if permitted—squeezes out a second-in-time lien. See *Decatur Charcoal Chem. Works* v. *Moses*, 7 So. 637, 638-639 (Ala. 1890). It thus operates similarly to trademark tacking, where a third-in-time mark may be tacked to a first-in-time mark, squeezing out the second-in-time.

Rather than contest any of this, respondents instead argue that mortgage tacking is a "flawed doctrine" that was "never widely adopted" in the United States. Resp. Br. 40-41. But the doctrine's ultimate rejection in this country (after a brief period of acceptance, see, *e.g.*, *Downing* v. *Palmateer*, 17 Ky. 64, 70 (1824)), misses the point. The doctrine was one of equity, and when courts adopted tacking into disputes involving trademark property rights, there is every reason to conclude that the doctrine was similarly equitable in nature.

The same approach is apparent in the tacking of interests for adverse possession. Early such cases typically proceeded in equity in chancery courts. See, *e.g.*, *Beal* v. *Brooks' Ex'rs*, 30 Ky. 232, 232 (1832).

And the doctrine was routinely decided by a court, without any role for a jury. See, *e.g.*, *Forrest* v. *Forrest*, 184 S.W.2d 902, 905 (Ark. 1945); *Williamson & Brown Land & Lumber Co.* v. *Mullins Lumber Co.*, 249 F. 522, 525 (4th Cir. 1918); *Merritt* v. *Westerman*, 131 N.W. 66, 67 (Mich. 1911). Respondents' attempted reliance on *Terwilliger* v. *White*, 72 S.E.2d 169, 173 (S.C. 1952), for example, is misplaced. There, the question was whether the court should instruct the jury whether tacking applied and not whether it properly instructed the jury on the standard to use in making a tacking determination. And that is our point here: when tacking is relevant to a priority determination, a court should instruct the jury as to the proper conclusion.

3. Respondents' Seventh Amendment argument (Resp. Br. 25-28) is not to the contrary.[8] If tacking is properly viewed as an equitable doctrine, it is necessarily outside the jury guaranty of the Seventh Amendment. See *City of Monterey* v. *Del Monte Dunes at Monterey, Ltd.*, 526 U.S. 687, 708 (1999).

Separately, respondents err in relying on the historical treatment of trademark priority. See Resp. Br. 26-28. Respondents assert that the question of priority has, in a general sense, historically been treated as a question of fact. And that may well be: if two parties, for example, dispute the particular date

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[8] Respondents do not make clear the weight that they place on the Seventh Amendment. It appears that respondents have carefully avoided making any affirmative contention that the Seventh Amendment compels the result they seek. See Resp. Br. 24-28. The government does not mention the Seventh Amendment.

on which one party first used its mark, that question is one of historic fact and thus an issue for a jury to resolve.

But that does not answer the question here. Respondents' argument seems to be that, if a broad question was historically resolved by a jury, any issue that may be characterized as a "subset" of that broad question must also be put to a jury. Resp. Br. 28. *Markman*, however, forecloses this reasoning. As *Markman* explains, a patent infringement claim "requires a finding that the patent claim 'covers the alleged infringer's product or process,'" which "in turn necessitates a determination of 'what the words in the claim mean.'" *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 374 (1996). Claim construction is done in service of a patent infringement inquiry, and thus is "subset" of that broader issue. The *Markman* Court did not, however, find that the question whether claim construction goes to the judge or the jury is resolved by whether the broader question goes to the judge or the jury. Although there was "no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago," that said nothing about whether claim construction was a matter for the judge or jury. *Id.* at 377. The same is true here.

### C. Respondents' tacking theory fails as a matter of law.

If the Court agrees with us that trademark tacking is a question for the judge, it could remand the case for application of the tacking standard to the specific marks at issue here. See *Nautilus, Inc.* v. *Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2131 (2014). But we showed in our opening brief that tack-

ing is unavailable here if it is considered a question of law. The preemptive scopes of the three relevant marks differ enormously: for example, while HANA BANK appears to refer to an institution that provides financial services, HANA OVERSEAS KOREAN CLUB indicates a membership organization of Korean expatriates, without any suggestion of financial services whatsoever. Pet. Br. 38-41. HANA BANK and HANA OVERSEAS KOREAN CLUB thus have vastly different preemptive scopes, as does the intermediary mark, HANA WORLD CENTER. Respondents do not seriously contend otherwise. See Resp. Br. 61-62. And the arguments they do offer in defense of the substantive tacking determination made by the jury are flawed.

*1. Respondents cannot rely on their use of Korean-language advertising.*

Respondents contend principally that their advertising, beginning in 1994, included Korean-language characters that translate as "Hana Bank." Resp. Br. 58. Respondents assert that this was sufficient "to establish priority." *Ibid.* That contention is incorrect. Indeed, no court of appeals has considered, much less approved, the use of the foreign-language equivalents doctrine in the context of tacking.

The doctrine of foreign language equivalents may, in some circumstances, be available as a theory of trademark infringement, as a competitor may misappropriate the mark of another by translating it to a different language. See Pet. Br. 42. But, as we have explained (see, *supra*, 8-11), very different considerations apply in the context of tacking. The tacking doctrine, if broadened to encompass foreign language translations, would permit unfair, retroactive

expansion of trademark rights. Respondents do not even attempt to answer to our argument on this score, and their generic authority regarding the use of foreign equivalents in other contexts is beside the point. See Resp. Br. 59.[9]

And while foreign-language tacking is insupportable as a general matter, what respondents actually assert here is even more anticompetitive. Respondents' theory is that a party may first use a foreign-language mark in non-Latin characters, translate that mark to English several years later, and then tack the English-language translation to the original foreign-language mark for purposes of priority—thus squeezing out all intervening users.

Respondents attempt to support this theory by arguing that the relevant audience for the initial mark has fluency in the underlying language (here, Korean), and thus would understand the meaning of the mark in multiple languages. Resp. Br. 59-60. But the preemptive effect of tacking in these circumstances would be felt by the entire population, not just those who speak Korean.

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[9] Respondents' authority primarily relates to testing marks written in foreign languages for "genericness" or "descriptiveness"—to test a foreign language mark, it is generally translated to English. *Enrique Bernat F., S.A.* v. *Guadalajara, Inc.*, 210 F.3d 439, 443 (5th Cir. 2000). This usage, which stems in substantial part from recognition that "U.S. companies would be hamstrung in international trade if foreign countries granted trademark protection to generic English words" (*ibid.*), says nothing about tacking law. But, as we discuss below, this doctrine demonstrates why respondents' alternative argument must fail.

Take, for example, a pickle maker in Brighton Beach that manufactures under a Russian-language label, written in Cyrillic characters, that translates to "Unity Pickles." Some time later, a pickle maker in Buffalo—who does not speak Russian—markets pickles under the label "Unity Gourmet Pickles," written in English. Under respondents' view, the Russian pickle maker could subsequently translate its mark to English, claim priority to its earlier Russian-language mark, and then squeeze out the Buffalo operation, even though the Buffalo manufacturer had no reasonable way to learn of the original Russian-language use.

Respondents' theory would thus impose significant burdens on those who would develop new trademarks. When one wishes to create a new mark, the first step is to determine whether that mark (or one confusingly similar to it) is currently in use. See 3 McCarthy on Trademarks § 19:6 ("[b]efore a company commits" resources to a potential mark, it would be "well advised to obtain a preliminary determination as to possible conflict[s] with" existing marks). When the new proposed mark is in English, the relevant search is for marks written in English. But if respondents' theory of foreign-language tacking were permitted, one would have to search *all* languages. Given that some forty languages are routinely spoken in the United States, this task is an impossibility. See Camille Ryan, U.S. Census Bureau, *Language Use in the United States: 2011, American Community Survey Reports* 2-3 (2013), http://goo.gl/ogYtpT. And the problem is even greater when, as here, the original mark was rendered in a non-Latin character set.

Moreover, even assuming that the foreign-language equivalents doctrine ever could play a role in trademark tacking, it would necessarily be limited to circumstances where "it is likely that the *ordinary American purchaser* would stop and translate the word into its English equivalent." *Palm Bay Imports, Inc.* v. *Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1377 (Fed. Cir. 2005) (emphasis added; quotation & alteration omitted). If a translation could ever permit tacking, it would have to be a substantially well known term understood by American consumers *not* fluent in the foreign language.

Respondents, by contrast, assert that the relevant audience for this analysis is Korean-speaking American purchasers. But the authority they cite deals with *infringement*. See Resp. Br. 59-60 (citing *In re Thomas*, 79 U.S.P.Q.2d 1021 (T.T.A.B. 2006); 4 McCarthy, *supra*, § 23:36). While it may make sense when considering whether a foreign-language translation *infringes* a mark to consider the population to whom that translation is directed, that says nothing about trademark tacking in light of the anticompetitive effects we have described.

*2. Respondents cannot rely on their use of the word "hana."*

Respondents also assert throughout their brief that "[i]t is unclear whether the jury, in construing Hana Bank's trademark priority, applied tacking at all." Resp. Br. 58. See also *id.* at 3, 10-11; U.S. Br. 8 n.2. Respondents' argument is that, because they consistently used the word "hana," the jury could have concluded that respondents have priority on that basis, without any use of tacking. See Resp. Br. 60-61. Similarly, respondents contend that, because

"'HANA' is the key element of" the phrase "HANA Overseas Korean Club," their subsequent uses of "HANA"—HANA WORLD CENTER and HANA BANK—are appropriately tacked. *Ibid.* They argue that tacking may be allowed when a mark owner "[d]iscontinu[ed] use of non-essential words." *Id.* at 61. The court below properly rejected this argument (Pet. App. 11a), as it fails for two reasons.

Respondents' argument is based on the mistaken premise that HANA is, by itself, a protectable mark. The doctrine of foreign equivalents, which respondents expressly embrace (see Resp. Br. 59), "requires courts to translate foreign words into English to test them for genericness or descriptiveness." *Enrique Bernat F., S.A.* v. *Guadalajana, Inc.*, 210 F.3d 439, 443 (5th Cir. 2000). It "make[s] generic foreign words ineligible for private ownership as trademarks." *Otokoyama Co.* v. *Wine of Japan Imp., Inc.*, 175 F.3d 266, 271 (2d Cir. 1999). Largely for reasons of international comity, the United States "refuses trademark protection to generic foreign words." *Enrique Bernat F.*, 210 F.3d at 443. The Fifth Circuit held, for example, that the mark CHUPA CHUPS is not protectable because "chupa" is Spanish slang for a lollipop, and thus "'chupa' functions as a common word, not a trademark." *Id.* at 444.

Respondents do not dispute that the word "hana" translates to "'number one,' 'first,' 'top,' or 'unity.'" Pet. App. 4a. Thus, in arguing that HANA is, by itself, a protectable mark, respondents effectively assert that they could establish a trademark interest in the unadorned use of the terms NUMBER ONE, FIRST, TOP, or UNITY—and then exclude *all* use of those words in *all* contexts. That is plainly wrong; because there is nothing remotely distinctive about

these terms standing alone, these adjectives are outside the protection of trademark law. See *San Francisco Arts & Athletics, Inc.* v. *U.S. Olympic Comm.*, 483 U.S. 522, 531 n.7 (1987) (a "generic" term, which fails to "*distinguish*," is not protectable as a mark).[10]

Because of the foreign-equivalents doctrine, respondents' argument is no different than the contention that, among the three marks UNITY OVERSEAS KOREAN CLUB, UNITY WORLD CENTER, and UNITY BANK, the trademark interest resides solely in the word "unity." Because the word "hana" is itself no more protectable than the word "unity," the words to which "hana" is joined are *essential* to create a protectable trademark interest. Respondents are thus wrong to contend (Resp. Br. 61) that "Overseas Korean Club," "World Center," and "Bank" are "non-essential" words that may be dropped or added to the word "hana" without effect. Respondents have no trademark interest in the isolated word "hana."

Respondents' argument fails for the separate reason, identified by the court below, that tacking must consider the entire mark, not components of it. Pet. App. 10a. When a mark is a "composite," which these marks are as they contain multiple words, "the anti-dissection rule" provides that the "mark is tested for its validity and distinctiveness by looking at it as a whole, rather than dissecting it into its component parts." 2 McCarthy, *supra*, § 11:27. This Court has directed that a mark must be considered "as a

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[10] This is borne out by the several registered trademarks that use, in varying contexts, the word "hana." See Pet. Br. 6 n.2.

whole, not from its elements separated and considered in detail." *Estate of P.D. Beckwith, Inc.*, v. *Comm'r of Patents*, 252 U.S. 538, 546 (1920). Thus, for example, it was error to consider the validity of the marks "Self-Realization Fellowship" and "Self-Realization Fellowship Church" by focusing on the component element "Self-Realization." *Self-Realization Fellowship Church* v. *Ananda Church of Self-Realization*, 59 F.3d 902, 912 (9th Cir. 1995).

The doctrine applies in the context of tacking, too. Like the court below, the Federal Circuit has recognized that the tacking "inquiry must focus on both marks *in their entirety*." *Van Dyne-Crotty*, 926 F.2d at 1160. This follows from the essential limitation on tacking (see, *infra*, 4-5)—the tacking doctrine may not expand, retroactively, the preemptive scope of a mark. To determine whether a new mark enlarges the rights conferred by an old mark, the focus must be on the *marks*, which necessarily contain all elements, and not on an individual component of the marks. If that were not so, use of the mark "Beechnut Chewing Tobacco" would later let the trademark holder claim, retroactively, "Beechnut Chewing Gum," and then even later, "Beechnut Roller Derby"—unfairly squeezing out all intervening users.[11]

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[11] A "famous" mark may yield a different result. The famous-mark doctrine permits "very well-known and strong marks [to] apply for the extraordinary scope of exclusivity given by antidilution laws." 4 McCarthy, *supra*, § 24:104. See also *Moseley* v. *V Secret Catalogue, Inc.*, 537 U.S. 418, 428-431 (2003). Because the mark STARBUCKS is famous (see *Starbucks Corp.* v. *Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 109 (2d Cir. 2009)), the Starbucks coffee company could bring an antidilution claim for another's use of the mark STAR-

Tacking does not permit such anticompetitive results.

## CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted.

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BUCKS CHEWING GUM, even if the company uses the STARBUCKS mark principally with respect to coffee. Respondents do not contend that their use of "hana" meets the exceptionally demanding standard for a "famous" mark.

# AMICUS CURIAE BRIEF

No. 13-1211

# In the Supreme Court of the United States

HANA FINANCIAL, INC., PETITIONER

*v.*

HANA BANK, ET AL.

*ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT*

## BRIEF FOR THE UNITED STATES AS AMICUS CURIAE IN SUPPORT OF RESPONDENTS


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## QUESTION PRESENTED

Two related trademarks may be "tacked" for purposes of determining priority of use if the marks create the same, continuing commercial impression such that consumers would consider them the same mark. This case is a trademark-infringement suit in which a jury was empaneled and was instructed on the legal standard for tacking. The question presented is as follows:

Whether, in a trademark-infringement suit where a jury has been empaneled, the jury or the court determines whether use of an older mark may be tacked to a newer one.

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# In the Supreme Court of the United States

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*ON WRIT OF CERTIORARI*
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## BRIEF FOR THE UNITED STATES AS AMICUS CURIAE IN SUPPORT OF RESPONDENTS

### INTEREST OF THE UNITED STATES

In some circumstances, a trademark owner can establish the priority of a mark based on "tacking," *i.e.*, by linking use of the mark to the first-use date of an earlier, technically distinct mark. The question presented here is whether, in a trademark-infringement suit in which a jury has been empaneled, the appropriateness of tacking should be determined by the jury or by the court. The Court's resolution of that question is likely to turn at least in part on the extent to which tacking determinations are factual in character.

The United States Patent and Trademark Office (PTO) is "responsible for * * * the registration of trademarks." 35 U.S.C. 2(a)(1). The PTO regularly adjudicates trademark priority and related issues,

including questions of tacking. See, *e.g.*, 15 U.S.C. 1052(d). Decisions of the PTO's Trademark Trial and Appeal Board (TTAB or Board) can be reviewed by the Federal Circuit, 15 U.S.C. 1071(a), which reviews the Board's factual findings under the deferential substantial-evidence standard. *E.g.*, *DuoproSS Meditech Corp.* v. *Inviro Med. Devices, Ltd.*, 695 F.3d 1247, 1252 (2012); *In re Nett Designs, Inc.*, 236 F.3d 1339, 1341 (2001). The United States therefore has a substantial interest in the Court's resolution of the question presented.

## STATEMENT

1. a. Under the common law of unfair competition, a person acquires rights in a trademark—generally, a word or symbol used to indicate the source of goods or services—through the use of the mark in commerce. 1 Anne Gilson LaLonde, *Gilson on Trademarks* § 3.02[2][a], at 3-26 (Sept. 2014) (*Gilson*). Once established, those common-law rights enable the trademark owner to exclude others from using certain similar marks on goods or services. See *ibid.*

The Trademark Act of 1946 (Lanham Act), 15 U.S.C. 1051 *et seq.*, confers additional benefits on trademark owners who federally register their marks. See *Wal-Mart Stores, Inc.* v. *Samara Bros.*, 529 U.S. 205, 209 (2000). The "owner of a trademark used in commerce" may apply to the PTO to register the mark on the PTO's "principal register." 15 U.S.C. 1051(a)(1). Federal registration of a mark serves as constructive nationwide notice of the mark's use and as prima facie evidence of the mark's ownership, the mark's validity, and the owner's exclusive right to use the mark. *Gilson* § 3.02[2][a], at 3-27; 15 U.S.C. 1057(b), 1115.

The owner of a registered or common-law trademark may bring a civil action against anyone using a mark in commerce when such use "is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. 1114(1)(a) (registered marks), 1125(a)(1)(A) (common-law marks); see *KP Permanent Make-Up, Inc.* v. *Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004); *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 767-768 (1992). Rights in a trademark—and the accompanying ability to seek remedies for infringement—is determined not by the date of registration, but by the date of the mark's first use in commerce. See, *e.g.*, *United Drug Co.* v. *Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918); 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:18, at 16-50 (4th ed. Sept. 2014) (*McCarthy*).

b. From time to time, a trademark owner may wish to modify its mark in order, for example, to respond to "changing consumer preferences, evolving aesthetic developments, or new advertising and marketing styles." *Brookfield Commc'ns, Inc.* v. *West Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999). In limited circumstances, the owner of the mark may trace priority of the revised mark to the first use of the earlier mark. See generally 3 *McCarthy* § 17:25, at 17-63 to 17-64. This is called "tacking." Courts have long allowed trademark owners to modernize or "polish * * * up" a mark without abandoning it or forfeiting priority in the original mark. *Beech-Nut Packing Co.* v. *P. Lorillard Co.*, 299 F. 834, 850 (D.N.J. 1924), aff'd, 7 F.2d 967 (3d Cir. 1925), aff'd, 273 U.S. 629 (1927).

The TTAB and the Court of Customs and Patent Appeals (a precursor to the Federal Circuit) have also long endorsed the "tacking" concept. See *Ilco Corp.* v. *Ideal Sec. Hardware Corp.*, 527 F.2d 1221, 1224 (C.C.P.A. 1976) ("The law permits a user who changes the *form* of its mark to retain the benefit of its use of the earlier form, without abandonment, if the new and old forms create the same, continuing commercial impression."); *Laura Scudder's* v. *Pacific Gamble Robinson Co.*, 136 U.S.P.Q. 418, 419 (T.T.A.B. 1962) (finding that two technically distinct marks "create substantially the same general impression, namely, that of a blue-colored bird, and hence are believed to symbolize a single and continuing trademark right in applicant"). All of the courts of appeals that have addressed tacking agree on the applicable standard. Tacking is available when the original and revised marks are "legal equivalent[s]" such that the two marks "create the same, continuing commercial impression" and consumers "consider both as the same mark." *Van Dyne-Crotty, Inc.* v. *Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991) (internal quotation marks and citation omitted); see, *e.g.*, Pet. App. 11a; *George & Co. LLC* v. *Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Data Concepts, Inc.* v. *Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998).

Allowing trademark owners to treat two marks that create the same, continuing commercial impression as one mark for purposes of determining priority serves several basic objectives of trademark law. Those objectives include "protect[ing] source-identifying trademarks from appropriation by competitors" and "reducing the costs that customers incur in shopping

and making purchasing decisions." *Brookfield Commc'ns, Inc.*, 174 F.3d at 1048; see *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 163-164 (1995) ("[T]rademark law, by preventing others from copying a source-identifying mark, reduce[s] the customer's costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.") (second set of brackets in original) (internal quotation marks and citations omitted).

2. a. Petitioner and respondent both provide financial services to individuals in the United States, and both use the word "Hana" in their names. Pet. App. 4a. The Korean word pronounced like the English word "Hana" means "number one," "first," "top," or "unity." *Ibid.*

Respondent Hana Bank is a Korean entity established in 1971 as Korea Investment Finance Corporation. Pet. App. 4a, 23a. In 1991, respondent changed its name to Hana Bank. *Ibid.* In May 1994, respondent established a service called Hana Overseas Korean Club to provide financial services to Korean expatriates. *Id.* at 23a. In July 1994, respondent made those services available to customers living in the United States, and it launched an advertising campaign for Hana Overseas Korean Club in Washington, D.C. and California. *Id.* at 23a-24a. The print advertisements displayed the name "Hana Overseas Korean Club" in English and Korean, the name "Hana Bank" in Korean, and respondent's "dancing man" logo. *Id.* at 5a, 24a. In 2000, respondent changed the name of Hana Overseas Korean Club to Hana World Center.

*Id.* at 7a, 25a. In 2002, respondent began operating an agency in the United States under the name Hana Bank. *Ibid.*

Petitioner is a California corporation that began using the name Hana Financial and an associated trademark in commerce in April 1995. Pet. App. 6a, 26a. In July 1996, petitioner obtained a federal trademark registration for a pyramid logo with the name "Hana Financial," which was to be used in connection with particular types of financial services. *Ibid.* Petitioner was aware of respondent before it used the "Hana Financial" mark. *Id.* at 5a, 27a.

b. In March 2007, petitioner filed this action against respondent, alleging, *inter alia*, that respondent's use of the name "Hana" in its "Hana Bank" mark infringed petitioner's "Hana Financial" mark. Pet. App. 7a; J.A. 11-21.[1] Respondent denied infringement and filed a counterclaim seeking cancellation of petitioner's registration for its mark, based on respondent's assertion that the registration was fraudulently procured because petitioner was aware of respondent's superior rights in the "Hana" mark in connection with the provision of financial services. Pet. App. 7a, 21a; J.A. 46-50.

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[1] This suit was also filed against respondent Hana Financial Group, a Korean entity incorporated in 2005 as Hana Bank's holding company. Pet. App. 4a n.1; J.A. 119. Hana Financial Group does not provide services in the United States or direct Hana Bank's activities in the United States. Pet. App. 4a n.1. Although Hana Financial Group is listed as a respondent in this action, the district court dismissed that entity as a defendant, and that decision was not appealed. *Ibid.* This brief refers to Hana Bank as "respondent" in the singular because Hana Bank appears to be the sole remaining defendant.

The district court granted summary judgment for respondent on the trademark-infringement claim, finding that respondent had established priority of use for the "Hana" mark. See J.A. 118, 122-126, 132. The district court also granted summary judgment for petitioner on respondent's cancellation counterclaim, concluding that there was no fraudulent procurement. J.A. 126-132. The Ninth Circuit reversed the grant of summary judgment on petitioner's infringement claim, finding genuine issues of material fact as to priority, and affirmed the grant of summary judgment on the cancellation counterclaim. J.A. 135-138.

c. On remand, the trademark-infringement claim was tried to a jury. Pet. App. 8a, 22a. Respondent argued that it was not liable for infringement because respondent, not petitioner, was the senior user of the "Hana" mark. See J.A. 161-163, 167-169. Respondent sought to demonstrate its seniority by, *inter alia*, emphasizing its earlier commercial use of marks similar to its Hana Bank mark and arguing that its advertisements consistently offered services of Hana Bank. See *ibid.*

Before the case was submitted to the jury, petitioner filed a motion for judgment as a matter of law, which the district court denied. Pet. App. 8a. Without objection from petitioner, the district court subsequently gave a jury instruction on tacking that was nearly identical to one proposed by petitioner:

> A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called "tacking." The

> marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked.

*Id.* at 9a; J.A. 173.

The jury returned a verdict for respondent. Pet. App. 9a; J.A. 174-175. On the verdict form, the jury answered "yes" to the question whether respondent had "used its mark in commerce in the United States beginning prior to April 1, 1995, and continuously since that date." J.A. 174. Because petitioner had first used its mark in April 1995, the jury's verdict established that respondent is the senior user of the mark and therefore is not liable for trademark infringement. Pet. App. 22a-23a. The district court denied petitioner's renewed post-verdict motion for judgment as a matter of law. *Id.* at 9a-10a. The court explained, *inter alia*, that "there was sufficient evidence to support the jury's verdict on priority," and that "the court had given a tacking instruction similar to the one [petitioner] had requested." *Ibid.*[2]

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[2] Although the jury was instructed on tacking, it is not apparent from the verdict form whether the jury actually relied on a tacking theory in concluding that respondent is the senior user. As noted, respondent had argued to the jury (and indicated in its counterclaim) that the relevant mark was simply "Hana." In post-trial briefing in the district court, respondent argued that the jury's verdict should be understood as endorsing that theory. See D. Ct. Doc. 335, at 8 (Aug. 8, 2011) (asserting that "tacking has always been irrelevant to the issues in this case"). As explained below, however, the court of appeals assumed that tacking was the basis of the jury's priority determination, *i.e.*, its finding that respondent had "used its mark in commerce in the United States beginning prior to April 1, 1995." J.A. 174.

d. The court of appeals affirmed. Pet. App. 1a-20a. The court noted that "the standard test of ownership" in the trademark context "is priority of use." *Id.* at 10a (quoting *Brookfield Commc'ns, Inc.*, 174 F.3d at 1047). In this case, the court stated, "the priority issue turns on whether it was permissible for the jury to find that [respondent] could 'tack' its use of its present 'Hana Bank' mark to its use of the [Hana Overseas Korean] Club mark beginning in 1994." *Ibid.*

The court of appeals explained that tacking is a narrow doctrine that applies when two technically distinct marks "are so similar that consumers generally would regard them as essentially the same." Pet. App. 10a (quoting *Brookfield Commc'ns, Inc.*, 174 F.3d at 1048); see *id.* at 12a-13a. Tacking is permitted, the court noted, only when each mark, considered in its entirety, "conveys the same commercial impression" as "determined from the perspective of the ordinary purchaser of these kinds of goods or services." *Id.* at 11a (citations omitted). The court explained that "the visual or aural appearance" of the relevant marks "may be instructive" in determining whether they convey the same commercial impression, but it emphasized that the marks' commercial impressions "should be resolved by considering a range of evidence, ideally including consumer survey evidence." *Id.* at 11a-12a.

The court of appeals noted a division among the circuits as to whether the availability of tacking is a question of law or a question of fact. Pet. App. 12a & n.5. Relying on Ninth Circuit decisions that had characterized the tacking question as one of fact, the court of appeals found sufficient evidence for a reasonable

jury to conclude that, "throughout the time period at issue, the ordinary purchasers of these services had the continuous impression that the advertised services were being offered by [respondent] and that there were no material differences between the marks" respondent used. *Id.* at 18a; see *id.* at 17a ("The jury could have reasonably concluded that the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services [respondent] offered and their origin.").

Stating that the jury had "receiv[ed] an instruction that correctly conveyed the narrowness of the [tacking] doctrine," the court of appeals reviewed the evidence presented to the jury. Pet. App. 16a-18a. The court explained that the "ordinary purchasers" of respondent's services "were Korean-speaking consumers (consisting of Korean expatriates and Korean Americans) that likely had a preexisting awareness of [respondent] due to its ongoing business presence in Korea." *Id.* at 17a. The court held that "[t]he jury could have reasonably concluded that these purchasers associated 'Hana Bank' with the 'Hana Overseas Korean Club' when 'Hana Overseas Korean Club' appeared, in English, next to 'Hana Bank,' in Korean, and the dancing man logo in the advertisements." *Ibid.* In particular, the court noted that, "[i]n that context, 'Hana' was arguably the most significant portion of the trade name, as the ordinary purchasers would have then made the association between the English word 'Hana' and the Bank's Korean name." *Ibid.* The court stated, however, that "other courts, which consider tacking a question of law, might reach a different conclusion on these facts." *Id.* at 20a.

## SUMMARY OF ARGUMENT

A. In limited circumstances, a trademark owner may trace the priority of a mark currently in use to the first-use date of a related, but technically distinct, mark. To determine whether tacking is appropriate in a particular case, the decision-maker must know both the legal standard for tacking and the relevant facts. Here, the legal standard is not in dispute: tacking is available when the two marks create the "same, continuing commercial impression," such that an ordinary consumer of the involved goods or services would view the marks as the same. Although two marks that may be tacked together are sometimes referred to as "legal equivalents," that shorthand terminology does not suggest that the tacking inquiry is purely one of law or that it cannot be submitted to a jury.

B. The tacking inquiry is conducted from the point of view of an ordinary consumer, and it will sometimes depend on the uses of the two marks in advertising and marketing campaigns. That sort of context-dependent inquiry is predominantly factual in nature. The visual and aural similarity (or dissimilarity) of two marks is relevant to a tacking determination, and an obvious dissimilarity will often be a sufficient ground for concluding that tacking is inappropriate. The ultimate inquiry, however, is whether two distinct marks are so similar, as used in their actual commercial contexts, that they create the same, continuing commercial impression in the minds of ordinary consumers. And while judicial precedents may assist in clarifying the limits of permissible tacking, the potential relevance of precedent does not negate the inquiry's predominantly factual character.

Tacking issues may also arise in non-jury settings, such as in bench trials or TTAB proceedings. In those contexts, resolution of the tacking question will still involve legal and factual components. If a court or the TTAB applies the correct legal standard, its determination that the older and newer marks do or do not create the same, continuing commercial impression is a finding of fact that should be reviewed deferentially on appeal.

C. When a trademark-infringement suit is tried to a jury and material questions exist about whether two related marks create the same, continuing commercial impression, that question should be submitted to the jury. In order to resolve a tacking question, a jury must understand the legal standard, must weigh and interpret the relevant facts, and must apply the correct legal standard to its understanding of those facts. If the judge properly instructs the jury on the legal standard, the second and third steps in the process are properly assigned to the jury, whose verdict may be set aside only if no reasonable jury could have concluded that tacking is available. Juries are routinely called upon to apply legal rules to their understanding of the facts to reach an ultimate verdict.

Petitioner's reliance on *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370 (1996), is misplaced. In *Markman*, the Court held that questions of patent claim construction should be decided by a judge even when they require subsidiary findings of fact. That holding was based primarily on the Court's view that judges are better equipped than juries to determine the meaning of written instruments. The tacking inquiry, by contrast, does not involve construction of any written document, but rather depends on consum-

er impressions of older and newer marks in their commercial contexts. Juries are well-suited to conduct that inquiry because they are made up of consumers who bring community standards to bear on the facts of a particular case.

Trademark disputes involving tacking questions sometimes have been resolved without juries. But the election of some litigants to proceed with a bench trial or to seek an injunction sheds no light on which actor should determine the availability of tacking in a damages suit where a jury has been empaneled. Although the doctrine of tacking promotes fairness in the trademark system, decision-makers faced with a tacking question are not called upon to determine whether it would be "fair" or "equitable" to treat the newer and older marks as the same. They are called on to apply a legal rule to assess evidence of how two marks are used and what message consumers understand them to convey.

D. Submitting tacking questions to juries will not undermine the predictability or efficiency of the trademark system. Tacking determinations are context-specific regardless of whether they are made by a judge or a jury. And while judicial resolution of a tacking issue might expedite the ultimate disposition of an infringement suit, that prospect has never been viewed as a sufficient reason to reallocate traditional functions between judge and jury.

E. The court of appeals applied the correct standard of review. Petitioner did not challenge the jury instruction on tacking or any other tacking-related legal ruling made by the district court. Under those circumstances, the court of appeals properly limited its inquiry to whether any reasonable jury could have

found tacking to be appropriate given the evidence in this case.

## ARGUMENT

### IN A TRADEMARK-INFRINGEMENT SUIT THAT IS TRIED TO A JURY, THE JURY MAY PROPERLY BE ASKED TO DETERMINE WHETHER THE UNDERLYING STANDARD FOR TRADEMARK TACKING HAS BEEN SATISFIED

#### A. A Trademark-Tacking Determination Involves Both Factual And Legal Components

The parties agree that, in certain limited circumstances, a trademark owner is entitled to trace the priority of a mark currently in use to the first-use date of a related, but technically distinct, mark. In order to determine whether such "tacking" is permitted in a particular case, the decision-maker must know *both* the legal standard for tacking *and* the relevant facts.

The applicable legal standard for tacking is not in dispute here. As the district court correctly instructed the jury in this case, tacking is appropriate when two marks "create the same, continuing commercial impression, and the later mark [does] not materially differ from or alter the character of the [earlier] mark." Pet. App. 9a; J.A. 173. See, *e.g.*, *George & Co. LLC* v. *Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Brookfield Commc'ns, Inc.* v. *West Coast Entm't Corp.*, 174 F.3d 1036, 1047-1048 (9th Cir. 1999); *Data Concepts, Inc.* v. *Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998); *Van Dyne-Crotty, Inc.* v. *Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991); see also *Humble Oil & Ref. Co.* v. *Sekisui Chem. Co.*, 165 U.S.P.Q. (BNA) 597, 603 (T.T.A.B. 1970) ("The only requirement in these instances is

that the mark be modified in such a fashion as to retain its trademark impact and symbolize a single and continuing commercial impression. That is, a change which does not alter its distinctive characteristics represents a continuity of trademark rights."). When that standard is satisfied, the two marks are considered to be legal equivalents with the same (earlier) priority date.

Petitioner contends (Br. 20-25) that tacking is a purely legal issue because the ultimate question is whether two marks are "legal equivalents." In petitioner's view (Br. 20), the tacking inquiry does not depend on factual determinations but "looks, instead, at whether the marks are close enough to be regarded as *legally* 'the same.'" Petitioner is correct that the overall tacking determination has a legal *component*, in the sense that the decision-maker must know the governing legal standard in order to determine whether tacking is appropriate in a particular case. If the jury in this case had been asked to determine whether respondent's older and newer marks should be "tacked," but had been given no guidance on the legal standard for making that decision, it could not cogently have determined whether tacking was appropriate. It does not follow, however, that the tacking question is *purely* one of law or that it cannot appropriately be submitted to a jury.

The tacking standard requires not that two marks be identical, but that they create the same, continuing commercial impression. As petitioner acknowledges (Br. 19), that inquiry requires a determination of how consumers would view each mark. Although a comparison of the marks themselves may often be sufficient to make this determination, the inquiry may also

involve consideration of other relevant evidence, such as the uses of the two marks and the likely reaction of consumers to them. See pp. 18-20, *infra*. Those subsidiary questions, as well as the ultimate question whether the two marks create the "same, continuing commercial impression," are factual in character. The fact that the term "legal equivalents" is sometimes used as shorthand for the tacking standard does not obviate the need for those factual inquiries. Indeed, petitioner's own proposed tacking instruction (D. Ct. Doc. 296, at 6 (May 23, 2011)) did not mention the term "legal equivalents," but correctly recited the continuing-commercial-impression standard.

### B. The Determination Whether Two Marks Create The Same, Continuing Commercial Impression From The Perspective Of An Ordinary Consumer Is A Factual Determination

This Court has long recognized "the vexing nature of the distinction between questions of fact and questions of law." *Pullman-Standard* v. *Swint*, 456 U.S. 273, 288 (1982); see, *e.g.*, *Thompson* v. *Keohane*, 516 U.S. 99, 110-111 (1995) ("[T]he proper characterization of a question as one of fact or law is sometimes slippery."). To determine how an ordinary consumer would view a trademark, however, the decision-maker clearly must resolve questions of fact.

1. The crux of the tacking inquiry is whether two marks create the same, continuing commercial impression or are materially different. That question must be answered from the perspective of an ordinary consumer of the goods or services with which the mark is used—not an ordinary judge, lawyer, or even the owner of a mark—because consumers are the ones who encounter the marks in the marketplace. The

primary purpose of trademark law is to protect consumers from being deceived or confused by competing sellers. See *Qualitex Co.* v. *Jacobson Prods Co.*, 514 U.S. 159, 163-164 (1995). Thus, the perspective of the ordinary consumer is essential to determining most trademark-law issues, including a mark's "commercial impression." See 3 *McCarthy* § 17:26, at 17-71 ("'Commercial impression,' like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services."); see also *DuoProSS Meditech Corp.* v. *Inviro Med. Devices, Ltd.*, 695 F.3d 1247, 1253 (Fed. Cir. 2012) ("The commercial impression that a mark conveys must be viewed through the eyes of a consumer.").

Petitioner therefore is wrong in asserting that a tacking inquiry "does not invoke a familiarity of what the Court called in *Railroad Co.* v. *Stout*[, 84 U.S. (17 Wall.) 657, 664 (1873),] 'the common affairs of life.'" Pet. Br. 21 (brackets in original) (quoting Dorsey D. Ellis, Jr., *Punitive Damages, Due Process, and the Jury*, 40 Ala. L. Rev. 975, 1006 & n.183 (1989)). The tacking determination requires exactly such familiarity. The jury in this case was asked to review advertisements, marketing materials, and testimony, and to determine how ordinary consumers of the services at issue would view the marks in context. That sort of context-dependent inquiry into consumer perception is predominantly factual in character, even though the ultimate tacking determination requires application of a legal standard.

Petitioner is also wrong in asserting (Br. 28) that pure "historical facts" are rarely at issue in tacking determinations. A proper tacking inquiry requires

resolving when a particular mark was first used and how a consumer would have viewed it. Those inquiries frequently involve historical facts. Even when they do not, the absence of disputes about historical facts in a particular inquiry does not render the inquiry legal in nature. Juries are often called upon to apply community and reasonable-person standards to a defined set of circumstances. See, *e.g.*, *Miller* v. *California*, 413 U.S. 15, 30 (1973) (concluding that determining under "contemporary community standards" whether material "appeals to the 'prurient interest' or is 'patently offensive'" "are essentially questions of fact"). Similarly, in a trademark case where tacking is at issue, the determination whether two marks would create the same, continuing commercial impression for a typical consumer is factual in character and fits comfortably within traditional understandings of the jury's role.

2. Petitioner argues that the question whether tacking is appropriate in a particular case is a pure question of law because "a virtually identical 'visual or aural appearance of the marks themselves' is essential to tacking." Pet. Br. 19 (quoting *Data Concepts*, 150 F.3d at 623). It is true that, where two marks are so visually or aurally different that an ordinary consumer would not receive the same commercial impression from each, those differences will be dispositive. See *Van Dyne-Crotty, Inc.*, 926 F.2d at 1159; see also Pet. App. 11a ("In determining whether the marks have the same commercial impression, visual or aural appearance *may be instructive.*") (emphasis added). The existence of easy cases does not, however, convert the continuing-commercial-impression inquiry into one of law. Tacking is available when two marks are so *simi-*

*lar* that they function in an identical way in a commercial setting, *i.e.*, they convey the same impression to consumers. That determination may require a decision-maker to do more than simply look at or sound out the marks in question. And even when looking at or sounding out two marks is enough to determine that an ordinary consumer would not view them as the same, that determination remains one of fact.

The availability of tacking depends on the specific facts of each case, including a close review of the marks themselves and, in cases (like this one) where the marks alone may not resolve the inquiry, additional evidence that illuminates how ordinary consumers would view the marks in light of consumers' experiences and associations. In this case, for example, the ordinary purchasers of respondent's services were "Korean-speaking consumers (consisting of Korean expatriates and Korean Americans) that likely had a preexisting awareness of [respondent] Bank due to its ongoing presence in Korea." Pet. App. 17a. The jury was asked to determine whether those ordinary consumers of respondent's services would have received the same commercial impression from the older and newer marks in question. Evidence relevant to that determination included advertisements that respondent had placed in Korean-language newspapers and evidence from which a jury could have inferred that a typical consumer of respondent's services would have "associated 'Hana Bank' with the 'Hana Overseas Korean Club'" and might have viewed "Hana" as "the most significant portion of the trade name." *Ibid.*[3]

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[3] In support of its view that "[t]he sole inquiry" in this case "was the legal relevance of [respondent's] different marks," petitioner notes that "respondent[] did not present survey or expert evidence

Petitioner points (Br. 20) to the TTAB's decision in *American Paging, Inc.* v. *American Mobilphone, Inc.*, 13 U.S.P.Q. 2d (BNA) 2036 (1989), aff'd, 923 F.2d 869 (Fed. Cir. 1990) (Table), which found tacking unavailable between AMERICAN MOBILPHONE and AMERICAN MOBILPHONE PAGING. The Board in that case did note that, although the two marks were visually "quite similar," they were "distinguishable when spoken." *Id.* at 2039. But that was not the only basis of the Board's no-tacking determination. The Board also considered evidence of how the marks were used in advertisements and the range of services provided by the trademark owners. *Id.* at 2037-2038. The Board explained, for example, that the mark owner used AMERICAN MOBILPHONE PAGING when advertising in the Yellow Pages under "Paging & Signaling Equipment & Systems," but used AMERICAN MOBILPHONE when advertising in the same volume under "Cellular Telephones" and "Mobile Telephone Equipment & Supplies." *Id.* at 2038. Considering that evidence, as well as the visual and aural (dis)similarity of the marks, the Board concluded that customers who saw the two marks would view each as offering a different type of service. *Id.* at 2038-2039. The Board's analysis correctly considered not only the marks themselves but also the way the marks were used in the marketplace and consumers' likely impres-

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as to how consumers would view the differences among the marks." Br. 28. The court of appeals explained, however, that respondent was not able to gather survey evidence because petitioner "did not suggest that the Bank's marks were materially different and that the Bank could not rely on tacking until the 'eleventh hour.'" Pet. App. 16a n.9.

sions of each. That is quintessentially a factual inquiry.

3. Contrary to petitioner's contention (Br. 22-24), the fact that courts frequently "consult[] precedent" to resolve questions of trademark tacking does not mean that the tacking determination is a purely legal one. Trademark tacking is a narrow doctrine that "in general should be condoned only in rare instances." *Van Dyne-Crotty, Inc.*, 926 F.2d at 1160 (internal quotation marks and citation omitted); see also Pet. App. 12a ("Like our sister circuits, we have indicated that tacking applies only in 'exceptionally narrow' circumstances.") (quoting *Brookfield Comm'cns, Inc.*, 174 F.3d at 1047). In many cases, an owner's claim to priority based on tacking will fail as a matter of law, even construing all of the facts and related inferences in its favor. In such cases, a court may properly grant summary judgment or judgment as a matter of law on tacking. *See Anderson* v. *Liberty Lobby, Inc.*, 477 U.S. 242, 250-252 (1986). Judicial precedents are obviously relevant to the determination whether a reasonable jury could find that tacking is appropriate in a particular case. Thus, while petitioner relies (Br. 23) on the Ninth Circuit's decision in *One Industries, LLC* v. *Jim O'Neal Distributing, Inc.*, 578 F.3d 1154 (2009), cert. denied, 559 U.S. 992 (2010), the court of appeals in that case framed the relevant question as "whether the [marks] differ to such a degree that no reasonable jury could conclude that they create the 'same, continuing commercial impression.'" *Id.* at 1161.[4]

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[4] Petitioner's reliance on other cases that "consult[] precedent," Br. 22, is similarly unavailing. In *Specht* v. *Google, Inc.*, 758 F. Supp. 2d 570 (N.D. Ill. 2010), aff'd, 747 F.3d 929 (7th Cir. 2014),

As the TTAB has long understood, factual context may play an important role in determining whether tacking should be permitted. In *Hess's of Allentown, Inc.* v. *National Bellas Hess, Inc.*, 169 U.S.P.Q. (BNA) 673 (1971), for example, the Board allowed an entity to trace the priority of its use of "Hess's" to its prior use of "Hess Brothers" and "Hess." The Board reviewed testimony and documentary evidence of Hess's marketing strategy, including advertisements, sponsorships, and promotional materials. *Id.* at 675. The Board concluded that the trademark owner had "adopted the term 'HESS'S' to reflect the manner in which the purchasing public had come to refer to and identify its store and operations." *Id.* at 677. Based on that evidence, the Board concluded that "HESS" and "HESS'S" "are and would be recognized as one and the same designation." *Ibid.* In other cases, the Board has relied on advertising decisions, context, and design even when determining that two marks create different commercial impressions. *E.g.*, *American*

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petition for cert. pending, No. 14-27 (filed Oct. 6, 2014), for example, the district court relied on precedent only to recite the proper legal standard and to reject a party's reliance on a particular precedent. *Id.* at 583-584. That court also stated that tacking is a question of fact. *Id.* at 583; see *Children's Legal Servs. PLLC* v. *Kresch*, No. 07-10255, 2008 WL 1901245, at *1-*2 (E.D. Mich. Apr. 25, 2008) (cited at Pet. Br. 22) (citing precedent to recite the legal standard), aff'd *sub nom. Children's Legal Servs. P.L.L.C.* v. *Saiontz Kirk & Miles, P.A.*, No. 08-1677, 2009 WL 1868809 (6th Cir. June 18, 2009) (per curiam). In addition, many counterexamples exist in which a court denied a motion for summary judgment because of factual disputes relating to commercial impression. See *Adventis, Inc.* v. *Consolidated Prop. Holdings, Inc.*, No. 7:02-CV-00611, 2006 WL 1134129, at *5-*6 (W.D. Va. Apr. 24, 2006); *Navistar Int'l Transp. Corp.* v. *Freightliner Corp.*, No. 96C6922, 1998 WL 911776, *3-*6 & n.9 (N.D. Ill. Dec. 28, 1998).

*Paging, Inc.*, 13 U.S.P.Q. 2d (BNA) at 2038-2039 (discussed at p. 20, *supra*).

4. Tacking issues can arise not only in jury trials, but in TTAB proceedings and in bench trials as well.[5] Those cases do not involve juries and therefore do not implicate the specific question presented here, which involves the proper allocation of decision-making authority in a trademark-infringement suit where a jury has been empaneled. This Court's resolution of the judge-jury question is, however, likely to have implications for the proper standard of appellate review of tacking determinations made by the TTAB or by district courts after bench trials.

If the appellant from a TTAB or bench-trial decision contends that the initial decision-maker applied an incorrect legal standard, that challenge (assuming that the TTAB's understanding of applicable trademark law is not entitled to deference) should be reviewed de novo on appeal. But if (as is typically the case) the applicable legal standard is undisputed, and the appellant simply contests the initial decision-maker's determination that the older and newer marks do or do not create the "same, continuing commercial impression," a deferential standard of appellate review should apply. In that context, both the ultimate continuing-commercial-impression conclu-

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[5] In fact, trademark actions are frequently resolved in district courts without a jury. According to statistics available on the official United States Courts website, in 2013, approximately 37% of trademark cases that went to trial (15 out of 41) were "nonjury" trials. *Statistical Tables for the Federal Judiciary: Civil Cases Terminated, by Nature of Suit and Action Taken*, http://www.uscourts.gov/uscourts/Statistics/StatisticalTablesForTheFederalJudiciary/2013/december/C04Dec13.pdf.

sion, and any subsidiary determinations the decision-maker may have made about the respective appearances of the marks and their uses in commerce, are properly regarded as factual.

### C. When A Trademark-Infringement Suit Is Tried To A Jury, And An Issue Of Trademark Tacking Is Disputed By The Parties, That Issue Should Be Submitted To The Jury Unless The Evidence Compels A Particular Conclusion

1. In order to decide whether tacking is warranted in a particular case, the decision-maker must understand the legal standard for tacking (*i.e.*, whether two non-identical marks create the same, continuing commercial impression), must weigh and interpret any submitted evidence (*e.g.*, evaluate the appearance and sound of the marks, how each mark was used commercially, and what consumers of the products or services understood the marks to convey), and must apply the legal standard to the facts in evidence (*i.e.*, determine whether consumers of the products or services would have understood the marks to convey the same commercial impression). In a trademark-infringement suit where a jury has been empaneled, the court must resolve any dispute about the applicable legal standard and must articulate that standard in its jury instructions. The court may also decline to submit the tacking issue to the jury if the evidence is such that no reasonable jury could find that tacking is appropriate. See Fed. R. Civ. P. 50(a), 56(a) and (g). But if the issue of tacking is not resolved at summary judgment or on a pre-verdict motion for judgment as a matter of law, the second and third steps of the analysis (assessment of the relevant facts and application of the

governing legal standard to the evidence) are for the jury.

The fact that the third step involves application of a legal standard does not mean that the step must be performed by the court. In cases where a jury is empaneled, its role extends well beyond that of "mere factfinder." *United States* v. *Gaudin*, 515 U.S. 506, 514 (1995). When the jury in a criminal case decides whether the defendant committed first degree murder, the jury is not asked "to come forth with 'findings of fact' pertaining to each of the essential elements, leaving it to the judge to apply the law to those facts and render the ultimate verdict of 'guilty' or 'not guilty.'" *Id.* at 512-513. On the contrary, "[j]uries at the time of the framing could not be forced to produce mere 'factual findings,' but were entitled to deliver a general verdict pronouncing the defendant's guilt or innocence." *Id.* at 513. The same approach is followed when a civil jury is asked to decide a question of, *e.g.*, common-law negligence. Thus, "the application-of-legal-standard-to-fact sort of question" called for in determining whether tacking is appropriate in a particular case "has typically been resolved by juries." *Id.* at 512 (citing James Bradley Thayer, *A Preliminary Treatise on Evidence at the Common Law* 194, 249-250 (1898)).

In many jury trials, there is no meaningful dispute between the parties about the applicable legal rules. If (as in this case) both parties agree that "same, continuing commercial impression" is the legal standard for tacking, the jury's factual determination whether two marks create the same, continuing commercial impression will effectively resolve the tacking issue. This Court has explained, however, that "an

issue does not lose its factual character merely because its resolution is dispositive of the ultimate * * * question." *Miller* v. *Fenton*, 474 U.S. 104, 113 (1985); see *Baumgartner* v. *United States*, 322 U.S. 665, 670 (1944) ("[A] 'finding of fact' may be the ultimate judgment on a mass of details."). And even in cases where the relevant legal rules are undisputed by the parties, the trial court's performance of its role as explicator of the law is essential to the jury's discharge of its duties. The jurors in this case, for example, knew that two marks may be tacked if they create the "same, continuing commercial impression" only because the district court had so instructed them. Once it is accurately instructed on the relevant law, however, the jury's job "is not merely to determine the facts, but to apply the law to those facts and draw the ultimate conclusion." *Gaudin*, 515 U.S. at 514.

2. Petitioner's reliance (Br. 21-22, 29-30) on *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370 (1996), is misplaced. The Court in *Markman* held that, in a patent-infringement suit, the trial court rather than the jury should resolve disputes concerning the proper construction of patent claims. The Court characterized claim construction as a "mongrel practice," *id.* at 378, and it recognized that claim construction may sometimes turn on "testimony requiring credibility determinations," *id.* at 389. The Court found it decisive, however, that "[t]he construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis." *Id.* at 388.

The tacking inquiry is altogether different. The determination whether two marks create the "same, continuing commercial impression" does not involve

the interpretation of any written document. Rather, the determination turns on the likely perception of an average consumer given the appearance and prior use of the marks in question. Juries are made up of consumers who together bring community standards to bear on the facts of a particular case. The functional considerations that were dispositive in *Markman* therefore point in the opposite direction here.

3. Petitioner argues (Br. 30-35) that the determination whether tacking is appropriate in a particular case has historically been entrusted to trial judges rather than to juries. Petitioner relies most heavily (Br. 30-33) on the decisions in *Beech-Nut Packing Co.* v. *P. Lorillard Co.*, 299 F. 834 (D.N.J. 1924), aff'd, 7 F.2d 967 (3d Cir. 1925), aff'd, 273 U.S. 629 (1927). Petitioner points out that *Beech-Nut Packing* was decided without "the assistance of a jury," Br. 33, and views that as evidence that tacking questions should still be decided by trial judges even in infringement suits where juries have been empaneled.

The decisions in *Beech-Nut Packing*, however, predated the merger of law and equity in federal courts and involved equitable claims for an injunction and an accounting. 299 F at 835. At that time, and stretching back to the chancery courts of England, trademark owners could pursue damages actions in courts of law or injunctive and accounting actions in courts of equity. *Trade-mark Cases*, 100 U.S. 82, 92 (1879). The fact that no jury was empaneled in *Beech-Nut Packing* sheds no meaningful light on the division of responsibility between judge and jury in a case like this one, where a jury *was* empaneled and respondent clearly had a right to a jury determination on the ultimate question of trademark infringement. See

*Dairy Queen* v. *Wood*, 369 U.S. 469, 477 (1962) (recognizing a right to a jury trial in trademark-infringement suit for damages); cf. *Markman*, 517 U.S. at 377 (explaining that "there is no dispute that [patent-]infringement cases today must be tried to a jury" upon request; rather, the contested point was "whether a particular issue occurring within a jury trial (here the construction of a patent claim) is itself necessarily a jury issue").[6]

4. There is likewise no merit to petitioner's argument (Br. 35-38) that the tacking issue should be decided by a court because tacking is an equitable doctrine. To be sure, the doctrine of tacking might reasonably be described as reflecting a conclusion that the trademark system will be "fairer" if senior trademark users can make minor refinements to their marks without losing their priority. But a multitude of legal rules, whether specifically mandated by Con-

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[6] Many of the other decisions on which petitioner relies likewise do not support its position. Several cited decisions reviewed a district court's grant of summary judgment or dismissal of a complaint. See, *e.g.*, *Perfectform Corp.* v. *Perfect Brassiere Co.*, 256 F.2d 736, 738 (3d Cir.), cert. denied, 358 U.S. 919 (1958). In *Drexel Enterprises, Inc.* v. *Richardson*, 312 F.2d 525 (10th Cir. 1962), the court of appeals reviewed the result of a bench trial and affirmed the judge's finding of "fact[]" that no evidence in the record established that a business intended to abandon a mark when it altered the mark's form. *Id.* at 527. The decision in *Miami Credit Bureau, Inc.* v. *Credit Bureau, Inc.*, 276 F.2d 565, 568 (5th Cir. 1960), reviewed a non-jury proceeding in which the district court had granted a request for an injunction. It also relied on extrinsic evidence and did not appear to involve a question of tacking. Although the plaintiff in that case updated its mark, it did so before the accused infringer first used its infringing mark. *Id.* at 566-567. Tacking is not an issue when a revised mark has priority without reference to its earlier form.

gress or adopted as judicial or administrative glosses on more general statutory language, are intended to promote fairness. Resolution of factual issues bearing on the application of such rules is routinely entrusted to juries.

In this case, the jury was not instructed to determine whether it would be "fair" or "equitable" to treat respondent's older and newer marks as the same mark. Rather, the jury was instructed on various legal rules used to determine the relative priority of competing trademarks, including the rule that tacking is appropriate (*i.e.*, that the newer mark should take on the older mark's priority date) if one entity's older and newer marks create the "same, continuing commercial impression." In applying those rules to the circumstances of this case, the jurors could rely on evidence concerning the manner in which the marks had been used in the past, and on the jurors' own experiences and understanding as consumers in the marketplace. The fact that the priority rules themselves were devised at least in part to promote fairness does not mean that the application of those rules was beyond the jury's purview.

### D. Treating The Issue Of Trademark Tacking As A Question For The Jury Would Not Undermine The Administration Of The Trademark System

Petitioner argues (Br. 25-27) that, if the determination whether tacking is appropriate in a particular case is entrusted to the jury rather than made by the court, the predictable and efficient operation of the trademark system will be compromised. That is incorrect.

1. Petitioner argues (Br. 26) that, "[w]hen trademark owners consider making alterations to their

valuable marks, they require predictability," and that such predictability is impossible if tacking issues are submitted to juries. Even if the tacking determination is treated as a jury question, however, the district court can grant summary judgment or judgment as a matter of law if it determines that the evidence compels a particular conclusion. In ruling on such motions, judges can issue opinions that clarify at least the outer boundaries of permissible tacking.

Thus, even under the approach taken by the court below, the question of tacking must actually be presented to the jury only in those cases where the district court concludes that a jury could reasonably decide the issue in favor of either party. There is no reason to suppose that judicial decisions in that category of cases will markedly reduce whatever uncertainty trademark owners would otherwise face. That is particularly so because (a) tacking determinations are context-specific, depending on a visual or aural comparison between two marks, as well as on evidence of marketplace usage and likely consumer reactions; and (b) a judge's tacking decision in a case that could reasonably be resolved in favor of either party would provide no guarantee that other judges would reach the same conclusion even in a case with identical facts.

2. Treating the "same, continuing commercial impression" inquiry as involving a question of fact would also be consistent with the standard governing judicial review of allowance of trademark amendments. Section 7(e) of the Lanham Act authorizes amendments to registered marks when "the amendment or disclaimer does not alter materially the character of the mark." 15 U.S.C. 1057(e); see also 37 C.F.R. 2.72(a)(2). To satisfy that standard, "[t]he modified mark must con-

tain what is the essence of the original mark, and the new form must create the impression of being essentially the same mark." *In re Hacot-Colombier*, 105 F.3d 616, 620 (Fed. Cir. 1997) (citation omitted). Echoing the tacking standard, the TTAB looks to whether "the new and old forms of the mark" "create essentially the same commercial impression." *In re Who? Vision Sys., Inc.*, 57 U.S.P.Q. 2d (BNA) 1211, 1218 (2000) (citation omitted). The Federal Circuit has held that the TTAB's determination whether a material alteration has occurred is a determination of fact entitled to deferential review. *In re Thrifty, Inc.*, 274 F.3d 1349, 1352-1353 (Fed. Cir. 2001); *Hacot-Colombier*, 105 F.3d at 618. For substantially the same reasons, the determination whether older and newer marks create the "same, continuing commercial impression" is appropriately entrusted to civil juries.

3. Petitioner argues (Br. 27) that, because "[t]rademark tacking is often dispositive of an infringement claim," allowing a judge to decide tacking as a matter of law at the outset of a case would promote efficiency. In many contexts, however, judicial resolution of a particular subsidiary issue would expedite the ultimate disposition of a suit. That prospect has never been viewed as a sufficient ground for judicial resolution of factual issues that are otherwise within the jury's purview.

### E. The Court Of Appeals Applied The Correct Standard Of Review With Respect To The Appropriateness Of Tacking Under The Circumstances Of This Case

This Court granted certiorari on the following question: "Whether the jury or the court determines whether use of an older mark may be tacked to a newer one?" Pet. i. That question concerns the proper

allocation of authority between judge and jury in a civil case where a jury has been empaneled. Petitioner does not appear to assert, as an alternative ground for reversal, that the court of appeals should have reviewed the jury's priority determination de novo even if that issue was properly submitted to the jury.

In any event, the court of appeals applied the correct standard of review. If petitioner believed that the jury's verdict was premised on an incorrect understanding of the law, it could have argued on appeal (if it had preserved the challenge in the district court) that the jury instructions were erroneous. Petitioner did not raise such an argument on appeal, however, and the tacking instruction given at trial was not meaningfully different from the instruction that petitioner had proposed. Absent any challenge to the jury instruction, or to any other district court legal ruling (*e.g.*, the exclusion or introduction of evidence whose admissibility was contested) relevant to the tacking issue, petitioner's remaining recourse was to contend that the evidence was insufficient to support the jury's verdict. Cf. p. 23, *supra* (discussing analogous standard-of-review questions in trademark cases involving bench trials and TTAB proceedings).

Petitioner asserted such an argument, filing pre- and post-verdict motions for judgment as a matter of law, see Pet. App. 8a, 9a, and then appealing the district court's denial of those motions, see *id.* at 10a. In reviewing those denials, the court of appeals was required to apply the same standard that the district court applied initially, under which petitioner could obtain judgment as a matter of law only if "a reasonable jury would not have a legally sufficient evidentiary basis to find for [respondent] on [the tacking]

issue." Fed. R. Civ. P. 50(a)(1); see Pet. App. 9a-10a (district court denied petitioner's post-verdict motion for judgment as a matter of law because, *inter alia*, "there was sufficient evidence to support the jury's verdict on priority").[7] The court of appeals correctly recognized that, "[a]s the losing party in a jury trial, [petitioner] must show that its interpretation of the evidence is the *only* reasonable one" in order to prevail on a sufficiency challenge. *Id.* at 16a. Thus, if the issue of tacking was properly submitted to the jury in the first instance, the court of appeals correctly articulated the appropriate inquiry on appeal.

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[7] The court of appeals stated that "[t]acking requires a highly fact-sensitive inquiry, *and the jury decided the issue* after receiving an instruction that correctly conveyed the narrowness of the doctrine." Pet. App. 16a (emphasis added). As we explain above (see note 2, *supra*), it is not clear whether the jury actually relied on a tacking theory in concluding that respondent had "used its mark in commerce in the United States beginning prior to April 1, 1995." J.A. 174. But if this Court assumes that the jury found tacking to be appropriate, and in the absence of any challenge to the jury instructions or to any other pertinent legal ruling, the question for a reviewing court is whether a reasonable jury could have so concluded.

## CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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OCTOBER 2014

# AMICUS CURIAE BRIEF

No. 13-1211

IN THE
# Supreme Court of the United States

HANA FINANCIAL, INC.,
*Petitioner,*

v.

HANA BANK, et al.,
*Respondents.*

**On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## BRIEF OF AMICUS CURIAE THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY


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## STATEMENT OF INTEREST

The American Intellectual Property Law Association ("AIPLA") is a national bar association with approximately 15,000 members who are lawyers in both private and corporate practice, judges, patent agents, academics, law students, and United States Patent and Trademark Office ("USPTO") professionals. Our members practice in a wide and diverse spectrum of intellectual property fields, including patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. They represent owners and users of intellectual property, as well as those who litigate and prosecute before patent and trademark offices. [1]

AIPLA has no interest in any party to this litigation and has no stake in the outcome of this case, other than its interest in seeking a correct and

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[1] In accordance with Supreme Court Rule 37.6, AIPLA states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA and its counsel. Specifically, after reasonable investigation, AIPLA believes that (i) no member of its Board or *Amicus* Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to the litigation in this matter, (ii) no representative of any party to this litigation participated in the authorship of this brief, and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

consistent interpretation of the laws affecting intellectual property.[2]

## SUMMARY OF ARGUMENT

One of the Lanham Act's fundamental functions is to protect consumers from deceit as to the sources of their purchases. It does so by allocating trademark rights among competitors with protectable trademark interests. This division of rights permits consumers reliably to identify the source of goods and services without confusion.

Where similar marks are involved, this allocation of rights is based, in part, on a priority system. Trademark priority rewards the earliest valid use of a trademark in commerce. Consumer impressions of trademarks play a crucial role in deciding priority as between similar trademarks.

In certain circumstances, courts allow trademark owners to tack on to their current period of use an earlier period of using a similar mark to claim an earlier date of first use. The trademark tacking doctrine requires a finder of fact to consider whether the current and former trademark uses are "legal equivalents" in the eyes of ordinary consumers. In other words, do the marks, in their respective iterations, create the same continuing consumer impression in the marketplace?

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[2] AIPLA sought consent to file this brief from the counsel of record for all parties, pursuant to Supreme Court Rule 37.3(a). Counsel for Petitioner and Respondent informed AIPLA of their consent by emails which have been filed with this brief.

This determination can only be made by and through the eyes of the consuming public. Therefore, a jury, made up of consumers, is the best judge of whether the relevant facts support a finding of trademark tacking.

## ARGUMENT

### I. THE TEST FOR TACKING IS GROUNDED IN CONSUMER PERCEPTION.

Businesses struggling to stay top-of-mind with consumers often turn to re-branding as a way to appear fresh, innovative, and original. Sometimes this re-branding takes the form of an entirely new trademark, color scheme, or advertising campaign. Other times, businesses will transform or modernize an existing trademark to create a visual and aural connection with the past while still looking to the future.

When disputes between owners of similar trademarks arise, courts may need to determine the priority question by ascertaining the first user. And when an evolution or modernization of a trademark has occurred, a question often arises as to whether the trademark owner maintained continuous rights in its trademark after altering it. Put differently, can the trademark owner "tack" its rights in the original trademark, including the date of first use of the prior mark, to its rights in the newer version of the trademark?

If the old and new versions of the trademark create a continuing commercial impression on consumers and do not differ materially from one another, then the answer is yes. *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). This test—as articulated by the Federal Circuit and adopted elsewhere[3]—necessarily depends on evidence about the perceptions of consumers in the relevant market. Despite this direct reliance on consumer perception in a tacking determination, the circuits have split on whether the analysis is a question of fact or a question of law. *Cf. Data Concepts, Inc. v. Digital Consulting, Inc.* 150 F.3d 620, 623 (6th Cir. 1998) ("[w]hether a later mark is the legal equivalent of an earlier one is a question of law"); *Quicksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006) ("whether tacking applies should be analyzed as a question of fact."). As explained below, because trademark tacking presents a question of consumer impression, it is a question for the jury.

## II. CONSUMER PERCEPTION IS CENTRAL TO TRADEMARK JURISPRUDENCE.

The twin aims of the Lanham Act—to protect legitimate business and to protect consumers—turn on one issue: consumer perception. Congressman Frederick Garland Lanham, sponsor of the Lanham Act, stated: "The purpose of [the Act] is to protect

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[3] *See George & Co. v. Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036. 1047-48 (9th Cir. 1999); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998).

legitimate business and the consumers of the country." 92 Cong. Rec. 7524 (1946). In 1982, this Court stated that trademark infringement "inhibits competition and subverts both goals of the Lanham Act." *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 854 n.14 (1982). An infringer not only deprives a trademark owner of the trademark's goodwill, but also "deprives consumers of their ability to distinguish among the goods of competing manufacturers." *Id*, citing S.Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946) and H.R.Rep. No. 944, 76th Cong., 1st Sess., 3 (1939).

With this backdrop, consumer perception has become the foundation on which various Lanham Act tests have been built. Protecting the goodwill in a trademark safeguards the consuming public's perception of a product's source[4] identified by the trademark. Similarly, protecting consumers from misleading trademark use requires a determination of the purchasing public's perception of such use. 15 U.S.C. § 1125(a). Trademarks, the goodwill they represent, and the competition fostered by their use simply would not be relevant absent the impressions made on consumers.

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[4] Trademarks identify the source of goods and services, rather than the goods and services themselves. 15 U.S.C. § 1127. Consistent and continuous use of a trademark, along with consistency in the nature and quality of goods and services associated with the trademark, allows consumers to trust the brand name and thus creates goodwill associated with the trademark.

## III. BECAUSE LANHAM ACT TESTS ARE GROUNDED IN CONSUMER PERCEPTION, THEY ARE OVERWHELMINGLY TREATED AS QUESTIONS OF FACT.

Central to trademark law jurisprudence, consumer perception serves as the foundation for various tests under the Lanham Act. The courts overwhelmingly treat these tests as questions of fact.

For example, the initial determination of whether a trademark qualifies for protection under the Lanham Act considers whether the mark is strong enough to serve as a trademark. This strength is measured by finding the location of the trademark on the fanciful/arbitrary-suggestive-descriptive-generic continuum (sometimes referred to as the "spectrum of distinctiveness"[5]). 2 *McCarthy on Trademarks and Unfair Competition*, § 11.80 (4th ed. 2014). The Federal Circuit (along with the majority of circuits) treats this determination as a question of fact because "the perception of the relevant purchasing public sets the standard ...." *In re Nett Designs*, 236 F.3d 1339, 1341 (Fed. Cir. 2001). *See also* 2 *McCarthy on Trademarks and Unfair Competition*, § 11.3 (4th ed. 2014) (noting that the "vast majority" of courts consider the categorization of a term on the spectrum of distinctiveness a question of fact). Even though a

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[5] The difference between "distinctive" and "descriptive" is vital to the analysis, although the terms sometimes are confused by courts and commentators. However, as discussed *infra*, a mark that is "descriptive" under a trademark strength analysis can become "distinctive" by acquiring distinctiveness through use (acquired distinctiveness also is call "secondary meaning").

determination of tacking arises out of the same consumer perception, the Federal Circuit inexplicably has treated tacking as a question of law. *Van Dyne-Crotty*, 926 F.2d at 1159. However, both tests require the finder of fact to see the case through the lens of the consuming public.

Likewise, trademarks that are found to be descriptive obtain trademark protection only if they are shown to be "distinctive." 15 U.S.C. § 1052(f). A trademark acquires distinctiveness when the purchasing public associates the trademark with a single producer or source. Courts routinely have found this to be a fact inquiry as well.[6]

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[6] See *Flynn v. AK Peters, Ltd.*, 377 F.3d 13, 19 (1st Cir. 2004) ("[T]he establishment of secondary meaning in a word is an issue of fact ...."); *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1041 (2d Cir. 1992) (secondary meaning is an issue of fact and is not reversed unless clearly erroneous); *E.T. Browne Drug Co. v. Cococare Products, Inc.*, 538 F.3d 185, (3d Cir. 2008) (whether a designation is generic, descriptive or has acquired secondary meaning are questions of fact); *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 839 (4th Cir. 1990) (a finding of secondary meaning is reviewed under the clearly erroneous rule); *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 794 (5th Cir. 1983) ("[T]he existence of secondary meaning presents a question for the trier of fact, and a district court's finding on the issue will not be disturbed unless clearly erroneous); *Platinum Home Mortg. Corp. v. Platinum Financial Group, Inc.*, 149 F.3d 722, 728 (7th Cir. 1998) ("[T]he district court's determination of secondary meaning is a finding of fact that is reviewed for clear error."); *Co-Rect Products, Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1328 (8th Cir. 1985) ("[A]lthough the court listed as a conclusion of law its determination that the expression had acquired a secondary meaning, such a determination is considered a finding of fact ...."); *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355,

The same rule applies to trade dress, another form of trademark protection. Whether trade dress has secondary meaning is a question of fact. *Bristol-Myers Squibb Co.*, 973 F.2d at 1043 ("[T]he question of whether a mark or dress has acquired secondary meaning is a factual one ...."); *Sally Beauty Co., Inc. v. Beautyco, Inc.*, 304 F.3d 964, 978 (10th Cir. 2002) ("[w]hether a trade dress has acquired secondary meaning is a question of fact ...."); *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1513, (11th Cir. 1984) ("[t]he district court's ruling, that the Singleton name had not acquired secondary meaning, is a finding of fact ...").

Owners of distinctive trademarks afforded protection under the Lanham Act must enforce their rights or risk losing[7] or weakening them. *See Wallpaper Mfrs. v. Crown Wallcovering Corp.*, 680 F.2d 755, 766 (C.C.P.A. 1982) ("[w]ithout question,

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(9th Cir. 1985) ("[T]he question of secondary meaning is one of fact."); *G.H. Mumm & Cie v. Desnoes & Geddes, Ltd.*, 917 F.2d 1292, 16 U.S.P.Q.2d 1635 (Fed. Cir. 1990) (whether a symbol has acquired secondary meaning is a question of fact reviewed under the clearly erroneous rule).

[7] If a trademark owner fails to assert or enforce its rights against descriptive use by others, it is possible for a once-distinctive trademark to cease indicating to the consuming public that the associated goods and services originate with a single seller. *See, e.g., McKesson & Robbins, Inc. v. Charles H. Phillips Chemical Co.*, 53 F.2d 342, 345 (2d Cir. 1931), modified, 53 F.2d 1011 (2d Cir. 1931), cert. denied, 285 U.S. 552 (1932) (discussing loss of distinctiveness of the former trademark, MILK OF MAGNESIA).

distinctiveness can be lost by failing to take action against infringers. If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the 'mark' as a source identification. When that occurs, the conduct of the former owner, by failing to police its mark, can be said to have caused the mark to lose its significance as a mark"). Thus, trademark enforcement efforts also require the consideration of consumer perception. Indeed, consumer surveys often are collected both before and during trademark disputes to measure this perception, because parties know that consumer impressions serve as the keystone of the Lanham Act's measure of trademark rights.

Where the Lanham Act prohibits using a mark that "is likely to cause confusion, or to cause mistake, or to deceive," 15 U.S.C. § 1114(1)(a), this Court has made clear that it is "likelihood of *consumer* confusion" that "a plaintiff claiming infringement ... must show ... as part of the prima facie case." *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124, (2004) (emphasis added). Under this standard[8], the majority of circuits—including the First, Third, Fourth, Fifth, Seventh,

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[8] AIPLA acknowledges that a circuit split exists as to whether likelihood of confusion is a question of fact, law, or mixed law and fact. However, even those courts who treat the question as mixed hold that the underlying findings (*e.g.* similarity of marks, similarity of products) as questions of fact. It is not necessary to resolve that split prior to deciding the narrow question currently before this Court, namely, whether tacking is a question of law for the court or fact for the jury.

Eighth, Ninth, Tenth, Eleventh, and D.C. circuits—treat likelihood of confusion as an issue of fact.[9]

## IV. TRADEMARK TACKING LIKEWISE SHOULD BE TREATED AS QUESTION OF FACT.

As with the many other Lanham Act inquiries discussed, tacking requires an analysis of consumer perceptions; one cannot consider whether the trademarks at issue have made a continuing consumer impression on the public and therefore constitute legal equivalents without seeing the facts from the perspective of the consumer. 3 *McCarthy on Trademarks and Unfair Competition*, § 17:26 (4th ed. 2014). According to Professor McCarthy:

> Whether two marks present the same commercial impression to allow tacking should be an issue of fact, not an issue of law. Statements in some cases that the "legal equivalents" question is one of law

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[9] *See De Costa v. Columbia Broad. Sys., Inc.*, 520 F.2d 499 (1st Cir. 1975), *cert. denied*, 423 U.S. 1073 (1976); *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187 (3rd Cir. 1990); *Marcon, Ltd. v. Helena Rubenstein, Inc.*, 694 F.2d 953 (4th Cir. 1982), *aff'd*, 225 U.S.P.Q. 895 (4th Cir. 1985), *cert. denied*, 474 U.S. 825 (1985); *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, n.21 (5th Cir. 1990); *Munters Corp. v. Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990), *cert. denied*, 498 U.S. 1016 (1990); *ConAgra, Inc. v. George A. Hormel & Co.*, 990 F.2d 368 (8th Cir. 1993); *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601 (9th Cir. 1987); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656 (10th Cir. 1987); *Bauer Lamp Co., Inc. v. Shaffer*, 941 F.2d 1164 (11th Cir. 1991); *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804 (D.C. Cir 1987).

> cannot be correct. 'Commercial impression,' should, like other Lanham Act inquiries, be determined from the perspective of the ordinary purchaser of these kinds of goods or services."

*Id.* (internal citation omitted). Because consumers are in the best position to judge the impression trademarks make upon them, tacking should be a question for the jury.[10] *Id.*

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[10] Furthermore, the Seventh Amendment to the United States Constitution guarantees a right of a jury trial in civil cases, with few and narrow exceptions: maritime law, suits against the government, and certain patent claims. U.S. CONST. amend VII, This Court's 1962 decision in *Dairy Queen v. Wood* held that trademark cases should be tried to a jury. *Dairy Queen v. Wood*, 369 U.S. 469 (1962). Much has been written concerning this holding and the distinctions between the legal and equitable *remedies* available to trademark plaintiffs. *See, e.g.*, Thurmon, Mark A., *Ending the Seventh Amendment Confusion: A Critical Analysis of the Right to a Jury Trial in Trademark Cases*, Texas Intellectual Property Law Journal (Fall 2002) (discussing the aftermath of *Dairy Queen*); Welkowitz, David S., *Who Should Decide? Judges and Juries in Trademark Dilution Actions*, Mercer Law Review (vol. 63) (2011). While the discussion is focused on the distinction between cases heard at law versus equity (and not trademark tacking), it is important to remember that removing a case from the ambit of the jury should not be done lightly. "Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care." *Dimick v. Schiedt*, 293 U. S. 474, 486 (1935). Trademark tacking does not present such a case. While trademark cases may present mixed questions of law and fact, because trademark tacking fundamentally turns on a consideration of consumer impression, it is a question for the jury.

A tacking analysis requires a determination of whether the trademarks are legal equivalents. *Van Dyne-Crotty, Inc.*, 926 F.2d at 1159. Legal equivalence is a narrow finding, meaning that the trademarks being compared, while not identical, are nearly so. "Legal equivalence for tacking purposes does not exist simply because the two marks a party seeks to tack are 'confusingly similar.'" *Data Concepts*, 150 F.3d at 623. Instead, the tacking standard "is considerably higher than the standard for 'likelihood of confusion.'" *Brookfield*, 174 F.3d at 1048. Legal equivalence is not a formulaic test, but heavily fact-based. Accordingly, the question of legal equivalence should be answered by the jury.

Legal equivalence turns on the specific facts of each case. Whether two trademarks have created a continuing consumer impression over a span of time sufficient to be considered one trademark for purposes of trademark priority of use can only be understood by and through the eyes of the consuming public. Accordingly, whether the relevant facts support a finding of trademark tacking should be entrusted to the jury.

## CONCLUSION

For the foregoing reasons, *amicus curiae* respectfully request that the Court hold that trademark tacking is a question of fact for the jury.

Respectfully submitted,

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September 4, 2014

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# AMICUS CURIAE BRIEF

No. 13-1211

IN THE

# Supreme Court of the United States

HANA FINANCIAL, INC.,

*Petitioner,*

*v.*

HANA BANK, *et al.*,

*Respondents.*

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

## BRIEF OF THE INTERNATIONAL TRADEMARK ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS


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## STATEMENT OF INTEREST OF THE *AMICUS CURIAE*[1]

Founded in 1878, the International Trademark Association ("INTA") is a global organization dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA has more than 6,400 members in more than 190 countries. Its members include trademark and brand owners, as well as law firms and other professionals who regularly assist brand owners in the creation, registration, protection, and enforcement of their trademarks. All INTA members share the goal of promoting an understanding of the essential role that trademarks and goodwill play in fostering commerce, fair competition, and informed decision-making by consumers.

INTA was founded in part to encourage the enactment of federal trademark legislation after invalidation on constitutional grounds of the United States' first trademark act. Since then, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with major trademark and related legislation. INTA members are frequent participants in Lanham Act-related litigation as both plaintiffs and

---

1. In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was authored solely by INTA and its counsel, and no part of this brief was authored by counsel to a party. No party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, its members, and its counsel made such a monetary contribution to its preparation or submission. Pursuant to Supreme Court Rule 37.2, *amicus curiae* has obtained the written consent of both parties, on file with the Clerk, to the filing of this brief.

defendants. INTA has also participated as *amicus curiae* in numerous cases involving significant Lanham Act issues in this Court and others.[2]

INTA and its members have a particular interest in the doctrine of trademark tacking. INTA recognizes that brand owners often make changes to the form or style of their trademarks. These changes are made for a variety of reasons, such as to modernize the overall look of a logo, reflect new marketing initiatives, or identify a broader array of goods or services offered within the class of goods or services covered by the mark. Where the changed mark creates the same overall commercial impression in the minds of consumers as the earlier mark, the trademark owner should be entitled to retain the benefits of its use of the earlier mark—including the original first-use date and the goodwill associated with the original mark—without a finding of abandonment of the original mark.

As addressed more fully below, INTA believes that the essential inquiry for tacking—namely, whether the original and modified marks create the same commercial

---

2. INTA has filed *amicus* briefs in this Court in the following matters, among others: *B & B Hardware, Inc. v. Hargis Indus., Inc.*, No. 13-352 (U.S. July 1, 2014) (petition for cert. granted); *Pom Wonderful LLC v. Coca-Cola Co.*, 134 S. Ct. 2228 (2014); *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014); *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721 (2013); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003); *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

impression—is a question of fact, reviewable only for clear error. By its very definition, commercial impression requires consideration of evidence of how actual and potential consumers perceive the two marks at issue. This evidence, which often includes consumer surveys, is inherently factual in nature. Thus, brand owners should have such evidence of consumer perception evaluated by the fact finder rather than through a judicial comparison of the marks.

## SUMMARY OF ARGUMENT

Justice Frankfurter concisely captured the root of trademark law when he wrote that "[t]he protection of trade-marks is the law's recognition of the psychological function of symbols." *Mishawaka Rubber & Wollen Mfg. Co. v. S. S. Kresge Co.*, 316 U.S. 203, 205 (1942). Consistent with Justice Frankfurter's summary, the fundamental tenet of trademark law holds that trademark rights generally inure in the basic commercial impression created by a mark, not in any particular format or style. *See* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:26 (4th ed. 2012). A trademark's "commercial impression" is the meaning or idea it conveys or the mental reaction it evokes. *Spice Islands, Inc. v. Frank Tea & Spice Co.*, 505 F.2d 1293, 1296 (C.C.P.A. 1974). The central question in the present appeal asks whether this question is an issue of fact to be resolved by the fact finder, or an issue of law to be determined by the court.

While somewhat inconsistently articulated among courts, the test for establishing tacking is dependent on a singular inquiry: whether the original mark and the modified mark create the same commercial impression,

such that consumers generally regard the two marks as essentially the same mark. *See infra* parts I.A-B. As shown in part I.C below, this inquiry is an inherently factual one that requires consideration of evidence of consumer perception and consumers' impression of the marks as encountered in the marketplace; it should not be determined through judicial perception of the marks based upon a side-by-side visual or aural comparison of the marks. For that reason, tacking should be treated as a question of fact, not one of law.

Courts that have held tacking to be a question of law have done so principally because the circuit in which the given court is situated holds the ultimate determination of likelihood of confusion in trademark infringement cases to be a matter of law. *See infra* part I.D. However, tacking and likelihood of confusion are based upon entirely different inquiries and analyses. As noted, tacking determinations focus principally on whether the original and modified mark create the same commercial impression such that the two marks are indistinguishable in the minds of consumers. In contrast, resolution of the issue of likelihood of confusion requires application of the multi-factor "digits of confusion" test. Such test is designed to evaluate whether an allegedly infringing mark misleads as to source, and includes factors such as strength of the mark, commonality of the goods or services offered under the mark, evidence of actual confusion, the sophistication of the buyers, and the defendant's good faith (or lack thereof) in adopting the mark. As shown below in part I.D, whether a court treats this multifactor confusion test as one of fact or law has no logical bearing on the narrow question of whether two marks used by the same party create the same commercial impression. Moreover, even courts that treat the consideration of the likelihood

of confusion factors to be a question of law nonetheless treat as a factual question the "similarity of the marks" factor that is a component thereof, further demonstrating why tacking should itself be treated as a factual question.

Of course, prior to a tacking analysis, a court, acting as gatekeeper, may determine as a matter of law issues such as whether the later mark and its predecessors are protectable trademarks capable of being tacked. This, however, should in no way change the conclusion that the ultimate question in tacking cases is one of fact, appropriately resolved by the fact-finder.

## INTRODUCTION

### A. The Origins and Importance of the Doctrine of Tacking

This Court appears to have first encountered what would become the doctrine of trademark tacking in the context of a 1900 case involving trademark abandonment. *See Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 32 (1900) (dismissing abandonment claim that original use of "Hunyadi" mark differed from later registered "Hunyadi Janos" mark because "nothing in the[] facts tending to show an abandonment in the name of Hunyadi or in the labels, unless it be the fact that the trademark registered in the United States in 1887 contained the words 'Hunyadi Janos,' which, it is insisted, was a waiver of a right thereafter to register the name 'Hunyadi' alone"). In 1927, in *Beech-Nut Packing Co. v. P. Lorillard Co.*, the Supreme Court again confronted a precursor to tacking. *See* 273 U.S. 629, 631-32 (1927) (deciding based on laches but taking no issue with fact that respondent, "in connection with an effort to get a new brand that would hit

the present taste," changed "some of the adjuncts" of the original mark by, among other design changes, "putting a hyphen between Beech and Nut, framing its label with an oval and substituting a beechnut for a squirrel in the center"). The Court in *Beech-Nut* rooted its decision in the enduring commercial impression associated with trademarks:

> A trade-mark is not only a symbol of an existing good will although it commonly is thought of only as that. Primarily it is a distinguishable token devised or picked out with the intent to appropriate it to a particular class of goods and with the hope that it will come to symbolize good will.

*Id.* at 632.

These earlier cases helped lay the foundation for the doctrine of "tacking." Under that doctrine, a trademark owner may modify its mark while retaining the first-use date of the original mark as well as all of the former mark's goodwill, provided the modified mark creates the same commercial impression as the original. *See generally* Gideon Mark & Jacob Jacoby, *Continuing Commercial Impression: Application and Measurement*, 10 Marq. Intell. Prop. L. Rev. 433, 437-38 (2006); 3 *McCarthy on Trademarks and Unfair Competition* § 17:28. As the Ninth Circuit observed:

> Giving the trademark owner the same rights in the new mark as he has in the old helps to protect source-identifying trademarks from appropriation by competitors and thus furthers the trademark law's objective of reducing the

> costs that customers incur in shopping and making purchasing decisions.
>
> *Without tacking, a trademark owner's priority in his mark would be reduced each time he made the slightest alteration to the mark, which would discourage him from altering the mark in response to changing consumer preferences, evolving aesthetic developments, or new advertising and marketing styles.*

*Brookfield Comm'cns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999) (citations omitted; emphasis added); *see also* 3 *McCarthy on Trademarks and Unfair Competition* § 17:26.

## B. Tacking: A Real World Example

The doctrine of tacking is perhaps understood best by example. The Morton Salt Umbrella Girl, which celebrates its 100th anniversary this year, is one of the most iconic trademarks in this country. As the following graphic illustrates, the trademark has not been static over its history; rather, it has been modified over time, typically to ensure the Umbrella Girl's look remains "contemporary." Yet each iteration of the mark includes the same essential image of a little girl holding an umbrella in one hand to protect from falling rain and, in the other hand, a package of salt under her arm with the spout open and salt running out, demonstrating that Morton Salt flows freely, even in the rain:[3]

---

3. *See* Morton Salt, *History of the Morton Salt Girl*, http://www.mortonsalt.com/our-history/history-of-the-morton-salt-girl (visited on Oct. 7, 2014).

Under the doctrine of tacking, if Morton can establish that each new iteration of its mark does in fact create the same commercial impression in the minds of consumers as does the prior mark, Morton's trademark rights attached to the original mark would be retained by each updated version. *See Louangel, Inc. v. Darden Rests., Inc.*, 106 U.S.P.Q.2d (BNA) 1809 (S.D. Tex. Mar. 22, 2013) (citation omitted) (noting that the Morton Salt Umbrella Girl mark is one of the "quintessential examples of successful modernizations that maintain the original trademark"). Conversely, without tacking, Morton's trademark rights would "reset" with a new first-use date each time Morton updated its logo, with the trademark rights and goodwill attached to the prior mark potentially lost. In such circumstances, another company in 2010 could, for example, adopt a trademark confusingly similar to the then-current (1968) version of Morton's trademark, yet

potentially avoid liability if Morton failed to discover and challenge the infringer until after Morton switched to the 2014 version of the trademark. Such a result runs counter to one of the fundamental trademark principles of according protection to a brand owner that accrues goodwill in its trademark.

## ARGUMENT

### I. THE TACKING ANALYSIS IS INHERENTLY FACTUAL

#### A. The Legal Standard for Establishing Tacking Is Focused Upon Consumer Perception

As stated by noted trademark scholar J. Thomas McCarthy, the test for tacking is "one of continuity." That is:

> [a] mark can be modified or changed without abandonment or loss of priority *if done in such a way that the continuing common element of the mark retains its impact and symbolizes a continuing commercial impression.*

3 *McCarthy on Trademarks and Unfair Competition* § 17:26 (emphasis added).

In the earliest tacking decisions, the United States Patent and Trademark Office ("PTO"), the Trademark Trial and Appeals Board ("TTAB"), and the Court of Customs and Patent Appeals ("CCPA") each similarly agreed that tacking is predicated upon the same fundamental principle undergirding trademark law in

general, *i.e.*, the impression of the mark on the consumer.[4] For example, in *Salem Commodities v. Miami Margarine Co.*, the CCPA refused to grant priority to "Nut Maid" based on the more current use of "Nu-Maid" because, although the marks differed "only by one letter and a hyphen," they created entirely different commercial impressions: "the former indicating a nut product while the latter suggests a product which is either new or freshly made." 244 F.2d 729, 731 (C.C.P.A. 1957).

For many years, the TTAB consistently held that continuing commercial impression formed the heart of the tacking analysis. *See, e.g.*, *William Underwood Co. v. B. F. Trappey's Sons, Inc.*, 134 U.S.P.Q. (BNA) 39, 41 (T.T.A.B. 1962) (noting that opposer continuously used as a trademark "a representation of a devil, and even though it has, from time to time, modernized its characterization thereof, the *commercial impression* created thereby remained basically the same") (emphasis added); *Laura Scudder's v. Pac. Gamble Robinson Co.*, 136 U.S.P.Q. (BNA) 418, 419 (T.T.A.B. 1962) (granting priority where later mark was sufficiently similar to the original mark to "create *substantially the same general impression* and hence are believed to symbolize a single and continuing trademark right" (emphasis added); *Humble Oil & Refining Co. v. Sekisui Chem. Co. Ltd. of Japan*, 165 U.S.P.Q. (BNA) 597, 603 (T.T.A.B. 1970) ("The only requirement [for tacking] is that the mark

4. Consumer perception is, in many ways, at the core of trademark law and trademark rights. *See generally* The Lanham Act, 15 U.S.C. §§ 1051-1064 (focusing on the mind of the relevant consuming public); Jacob Jacoby, *The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution*, 91 Trademark Rep., 1013 (2001).

be modified in such a fashion as to retain its trademark impact and symbolize a single and continuing commercial impression.").

### B. The "Legal Equivalency" and "Material Difference" Factors Do Not Alter the Fundamental Character of the Tacking Analysis

Despite the long-standing, straightforward articulation of the test for tacking as requiring a showing that the original and modified marks create "one continuing commercial impression," more recent federal cases and TTAB decisions have introduced concepts of "legal equivalence" and "material difference" to the tacking analysis. Although some courts appear to treat these elements as additional requirements, others appear to use "legal equivalence" and "continuing commercial impression" interchangeably. In any event, these new concepts do not in any way change the fundamental character of the tacking analysis.

The origins of the "legal equivalency" requirement date back at least to *Compania Insular Tabacalera, S.A. v. Camacho Cigars, Inc.*, 167 U.S.P.Q. (BNA) 299, 303 (T.T.A.B. 1970), a case involving whether a cigar manufacturer's "SAN MARCO" mark could be tacked back to its earlier "DON MARCOS" mark. The TTAB stated: "It is a well established principle of trademark law that a party can rely upon the prior and continuous use of another mark *which is, in essence, the legal equivalent of the mark in question or indistinguishable therefrom, and* would be considered by purchasers as the same mark." *Id.* (emphasis added) (citing *Humble*

*Oil*, 165 U.S.P.Q. (BNA) 597 (T.T.A.B. 1970)). While the T.T.A.B. did little to explain "legal equivalence," including whether or how it differed from "continuing commercial impression," this new articulation became the common tacking formulation following its recitation in the heavily cited *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156 (Fed. Cir. 1991).[5]

In *Van Dyne-Crotty*, the Federal Circuit incorporated the legal equivalence requirement into its tacking inquiry, while ostensibly introducing yet a third requirement—namely, that the new mark not materially differ from or alter the character of the original mark:

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5. Nearly every tacking case since *Van Dyne-Crotty* has cited or quoted the decision. *See, e.g., Hana Fin., Inc. v. Hana Bank*, 735 F.3d 1158, 1164 (9th Cir. 2013), *cert. granted*, 134 S. Ct. 2842 (2014); *George & Co. LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *In re Dial-A-Mattress Operating Corp.*, 240 F.2d 1341, 1347 (Fed. Cir. 2001); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998); *Mfrs. Technical Insts., Inc. v. Pinnacle Coll., LLC*, No. 91195896, 2011 WL 4871873, at *2 (T.T.A.B. Sept. 22, 2011); *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*, No. 11-1623, 2014 WL 4759945, at *7 (D.D.C. Sept. 25, 2014); *Churchill Downs Inc. v. Commemorative Derby Promotions, Inc.*, No. 1:12-cv-517-JEC, 2014 WL 3908521, at *2 n.6 (N.D. Ga. Aug. 8, 2014); *Louangel, Inc. v. Darden Restaurants, Inc.*, 106 U.S.P.Q.2d (BNA) 1809 (S.D. Tex. Mar. 22, 2013); *Fifth Ave. of Long Island Realty Assocs. v. Caruso Mgmt. Co.*, 718 F. Supp. 2d 292, 307 (E.D.N.Y. 2010); *Colonial Elec. & Plumbing Supply of Hammonton, LLC v. Colonial Elec. Supply, Ltd.*, No. CIV. 05-5408NLH, 2007 WL 4571105, at *9 (D.N.J. Dec. 27, 2007); *Gaffrig Performance Indus., Inc. v. Livorsi Marine, Inc.*, No. 99 C 7778, 2001 WL 709483, at *8 (N.D. Ill. June 25, 2001); *Iowa Health Sys. v. Trinity Health Corp.*, 177 F. Supp. 2d 897, 920-21 (N.D. Iowa 2001).

> The previously used mark must be the *legal equivalent* of the mark in question or indistinguishable therefrom, *and* the *consumer should consider both [marks] as the same mark.* However, for the purposes of "tacking," even if the two marks are confusingly similar, they still may not be legal equivalents. Instead, the marks must create "the same, continuing commercial impression," *and the later mark should not materially differ from or alter the character of the mark attempted to be "tacked."*

*Id.* at 1159 (internal citations omitted; emphasis added).

While numerous subsequent tacking decisions purport to apply the *Van Dyne-Crotty* tacking standard, the approaches in these cases have hardly been uniform. Some courts treat "legal equivalency" *as synonymous* with "continuing commercial impression." *See, e.g., In re Dial-A-Mattress Operating Corp.*, 240 F.2d 1341, 1347 (Fed. Cir. 2001) ("A mark is the legal equivalent of another if it creates the same, continuing commercial impression *such that* the consumer would consider them both the same mark.") (emphasis added); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998) ("The use of an earlier mark can be tacked onto the use of a subsequent mark only if the previously used mark is 'the legal equivalent of the mark in question or indistinguishable therefrom' *such that* consumers 'consider both as the same mark.'") (emphasis added; citation omitted). Other courts have treated "legal equivalency" and "continuing commercial impression" as separate legal inquiries, but without explaining how the concepts are distinct. *See, e.g., Brookfield Comm'cns*, 174 F.3d at 1047-48 (holding that tacking can occur "where

'the previously used mark is "the legal equivalent of the mark in question *or* indistinguishable therefrom" such that consumers "consider both as the same mark."'") (emphasis added; citations omitted).

To the extent that the "legal equivalency" or "material difference" tests are considered separate elements of the tacking analysis—and it is far from clear that they should be so considered—they do not change the factual nature of the tacking inquiry. Whether a change in a trademark is "material" for tacking purpose still turns on the same, long-standing tacking inquiry: does the change cause the trademark to create a different commercial impression such that the mark is viewed by consumers as a new mark? *See, e.g., Miyano Mach. USA, Inc. v. MiyanoHitec Mach., Inc.*, 576 F. Supp. 2d 868, 882 (N.D. Ill. 2008) ("A material alteration exists if the two marks do not 'create the same general commercial impression.'") (quoting *Paris Glove of Can. v. SBC/SPORTO Corp.*, 87 U.S.P.Q.2d (BNA) 1856 (T.T.A.B. 2007)). Likewise, courts that treat "legal equivalency" as synonymous with "continuing commercial impression" recognize that a modified trademark can only be the legal equivalent of the former mark if consumers "consider them both the same mark." *Dial-A-Mattress*, 240 F.3d at 1347. Thus the inquiry, no matter how articulated, remains fundamentally focused on consumer perception.

Perhaps the most troubling result of the *Van Dyne-Crotty* court's interpretation is its holding that tacking may be decided as a matter of law, reviewable *de novo*. The court observed that no evidence "concerning the legal equivalence" of the marks was necessary beyond the "visual or aural appearance of the marks themselves" because "[m]erely from review of the marks, it is clear that

they create different commercial impressions." *Van Dyne-Crotty*, 926 F.2d at 1159. However, the Federal Circuit relied upon inapposite authority for this approach—*In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973)—which does not concern tacking, but rather likelihood of confusion. Evaluation of likelihood of confusion asks whether the marks are confusingly similar—a different question than whether they create a continuing commercial impression. *Id.* As a result, the *Van Dyne-Crotty* court cast aside its own multi-pronged test for legal equivalence and commercial impression when it stated: "We do not address, *nor need we, whether the marks here were legal equivalents* on the facts of this case. We only affirm the Board's finding that *because the marks were not confusingly similar, they were not legal equivalents* for the purposes of tacking." *Van Dyne-Crotty*, 926 F.2d at 1159 n.3 (emphasis added). As discussed below, this approach to tacking is wholly improper.

### C. Determining Continuing Commercial Impression Requires a Factual Inquiry Into Consumer Perception That Is Not Readily Susceptible to a Legal Determination

Although this Court has "yet to arrive at 'a rule or principle that will unerringly distinguish a factual finding from a legal conclusion,'" *Miller v. Fenton*, 474 U.S. 104, 113 (1985) (quoting *Pullman-Standard v. Swint*, 456 U.S. 273, 288 (1982)), it has nevertheless held that matters of state of mind are more appropriate for review as questions of fact, subject to the "clearly erroneous" standard under Rule 52 of the Federal Rules of Civil Procedure. *See Pullman-Standard*, 456 U.S. 273, at 288 (citing *Dayton Bd. of Educ. v. Brinkman*, 443 U.S. 526, 534 (1979); *Comm'r v. Duberstein*, 363 U.S. 278

(1960); *United States v. Yellow Cab Co.*, 338 U.S. 338, 341 (1949)). Because the principal focus of a tacking analysis is precisely a matter of state of mind—specifically, how consumers perceive the original and modified mark—tacking is an inherently factual inquiry.

As courts have recognized, the inquiry critical to a tacking analysis is whether the two marks are "so similar that consumers generally would regard them as essentially the same. Where such is the case, the new mark serves the same identificatory function as the old mark." *Brookfield Commc'ns*, 174 F.3d at 1048; *see also id.* (stating that "tacking should be allowed if two marks are so similar that consumers generally would regard them as essentially the same"); *Van Dyne-Crotty*, 926 F.2d at 1159 (stating that a "consumer should consider both as the same mark").

Several courts have provided valuable guidance regarding the evidence necessary to establish tacking, and in so doing, made clear that the inquiry is factual in nature. For example, the district court in *Navistar International Transportation Corp. v. Freightliner Corp.*, No. 96 C 6922, 1998 WL 911776 (N.D. Ill. Dec. 28, 1998), focused on the importance of credible evidence of commercial impressions, rejecting self-serving testimony of the party asserting tacking. *See id.* at *6; *cf. Patterson v. World Wrestling Entm't, Inc.*, No. 03-C-0374, 2006 WL 273527, at *18 (E.D. Wis. Jan. 31, 2006) (finding that, because tacking "is based on whether two marks make the same commercial impression on consumers," an affidavit of the CEO of defendant's business does not constitute competent evidence of continuing commercial impression as she is not a consumer of defendant's products).

"Because the inquiry is how consumers perceive the marks, there must be some evidence demonstrating those perceptions." *Navistar*, 1998 WL 911776, at *4. Survey evidence demonstrating consumer perception is often most illuminating in establishing commercial impression and thus, whether tacking should apply. *See* Mark & Jacoby, at 437-38; *see also In re Lawman Armor Corp.*, No. 75982984, 2005 WL 2451654, at *5 (T.T.A.B. Sept. 16, 2005) (discussing failure of survey evidence "to show, or even measure" commercial impression). Other evidence of consumer impression may include focus group studies or like evidence of impact on consumers.

Of course, consumer perception has consistently been held to be an issue of fact throughout trademark jurisprudence. *See, e.g., N. Coast Indus. v. Jason Maxwell, Inc.*, 972 F.2d 1031, 1034 (9th Cir. 1992) (noting that similarity of general ideas should be decided by the trier of fact because the question was based on "the response of the ordinary reasonable person" (internal quotation marks; citation omitted)); *In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 1559 (Fed. Cir. 1985) (noting that because the descriptiveness of a term "is determined from the viewpoint of the relevant purchasing public," the determination necessarily is one of fact). It is for this reason that a leading trademark commentator correctly concludes that the tacking inquiry unquestionably is one of fact, not law:

> [W]hether two marks present the same commercial impression to allow tacking should be an issue of fact, not an issue of law. Statements in some cases that the "legal equivalents" question is one of law cannot be correct. "Commercial impression," like most

> issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services.

3 *McCarthy on Trademarks and Unfair Competition* § 17:26.

For the same reason, it is wholly inappropriate for a court to substitute its subjective views of the two marks for those of the relevant consumers. An in-chambers review of two marks displayed on the pages of a court filing is, quite literally, taking marks out of their natural context. *See Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 941 (10th Cir. 1983) ("[I]t is axiomatic in trademark law that 'side-by-side' comparison is not the test. The marks must be compared in the light of what occurs in the marketplace, not in the courtroom." (internal quotation marks; citations omitted)). As one court recently observed, because the tacking inquiry—and indeed much of trademark law as a whole—is focused on consumers' perception of the marks when encountered in the marketplace, "it is less than ideal for a court, sitting in relative isolation, to speculate about what consumers may think regarding the similarity of two marks . . . ." *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*, No. 11-1623, 2014 WL 4759945, at *8 (D.D.C. Sept. 25, 2014); *see also Adventis, Inc. v. Consol. Prop. Holdings, Inc.*, No. 7:02CV00611, 2006 WL 1134129, at *5 (W.D. Va. Apr. 24, 2006) (noting that in the tacking context, "[t]he opinion of a court sitting in its ivory tower sheds no light on an issue in which the everyday consumer is the more adept expert").[6]

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6. Although Petitioner suggests that treating tacking as an issue of fact will clog the otherwise efficient resolution of tacking claims, courts remain free to resolve factual matters as a matter

The potential consequences of treating tacking as a legal question are perhaps best demonstrated through the Morton Salt Umbrella Girl mark. Consider the changes from the 1921 to the 1933 logo:

1921 1933

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of law where "reasonable minds cannot differ and the evidence permits only one conclusion." *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006). Indeed, tacking cases have been appropriately resolved based on the inescapable conclusion presented by the evidence, or lack thereof. *See, e.g., id.* (testimonial concessions that marks were distinct because reliance solely on new mark was likely to cause lack of brand recognition); *Brookfield Comm'cns*, 174 F.3d at 1049 (rejecting tacking claim where proponent failed "to make the slightest showing that consumers view these terms as identical"); *KeyCorp v. Key Bank & Trust*, 99 F. Supp. 2d 814, 820 (N.D. Ohio 2000) (denying tacking where proponent admitted that new mark was intended "to dissociate itself" from scandals associated with original mark).

Morton Salt might have had ample, credible evidence that both of these marks create a single commercial impression in the minds of consumers: that of a young girl shielding herself from the rain, spilling Morton Salt freely despite the wet conditions around her. If Morton Salt were to assert a tacking claim as to these marks, it should be entitled to present such factual evidence (just as the party opposing tacking should have the opportunity to present any contrary factual evidence).[7] But what if, instead, a court substitutes its own views of what consumers think for the actual evidence of how consumers view the marks? The court may conclude that the change from white umbrella to black or the slight changes in the Girl's hairstyle, ribbon, or dress, create an entirely new commercial impression, regardless of whether the actual evidence of consumer perception supports this conclusion. Thus, brand owners could be divested of their trademark rights based only on the personal view of one court rather than on the view of the actual purchasing public, whose impressions are considered the chief touchstone of trademark law. To avoid such a result, tacking should be treated as a factual issue and not as a matter of law.

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7. *See Adventis, Inc.*, 2006 WL 1134129 (treating tacking as a factual issue). In *Adventis*, both parties sought to tack updated marks to prior iterations. Addressing the defendant's addition of an exclamation point to its prior registered mark, the court noted that the addition could be viewed by consumers as more than a mere punctuation mark, but rather "a new design feature [that] could impart a differing commercial impression." *Id.*, 2006 WL 1134129, at *6. Thus, the court held that the tacking issue should not be resolved by the court through summary judgment but instead should be presented to the fact-finder for determination.

### D. Tacking and Likelihood of Confusion Analysis Differ Fundamentally and Thus Require Independent Treatment

As noted by the Ninth Circuit's decision below, a circuit split exists with respect to whether tacking and likelihood of confusion are questions of law or fact. *See Hana Fin., Inc. v. Hana Bank*, 735 F.3d 1158, 1164 n.5 (9th Cir. 2013); *see also Adventis*, 2006 WL 1134129, at *4 (summarizing circuit split). Courts deciding whether to treat tacking as a question of law or one of fact typically have followed their respective circuit's treatment of the likelihood of confusion analysis, which is treated as an issue of fact reviewable for clear error in some circuits, and as a matter of law reviewable *de novo* in others. *See, e.g., Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006) ("[B]ecause we have analyzed the analogous consideration of likelihood of confusion as a factual question, whether tacking applies should also be analyzed as a question of fact."); *see also Van Dyne-Crotty*, 926 F.2d at 1159. This approach is misguided for several reasons.

*First*, the underlying tests for the two inquiries are qualitatively different: tacking requires proof that two marks actually create the same commercial impression, whereas likelihood of confusion is met by showing that a competitor's mark is *likely* to lead consumers to think two marks are affiliated with the same company—an inquiry resolved through application of a multi-factor, digits of confusion test. *See George & Co.*, 575 F.3d at 393 ("A likelihood of confusion exists if 'the defendant's actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question.'") (citation omitted); *see also Navistar*, 1998 WL 911776, at *4.

*Second*, although the circuits may disagree over whether likelihood of confusion and tacking are more appropriately treated as questions of law or fact, the circuits agree that the "similarity of the marks" digits of confusion factor—which is perhaps most analogous to the tacking inquiry—presents a question of fact. *Cf. Adventis*, 2006 WL 1134129, at *5 ("Both analyses are inherently factual because they depend on the unique facts and circumstances of each case, and the factfinder must ultimately weigh the merits of the issue when the facts are disputed."). Indeed, the few circuits holding that likelihood of confusion is a matter of law do so with an understanding that each of the individual underlying factors considered during likelihood of confusion analysis are issues of fact. *See Bose Corp. v. QSC Audio Prods., Inc.*, 293 F.3d 1367, 1370 (Fed. Cir. 2002); *Induct-O-Matic Corp. v. Inductotherm Corp.*, 747 F.2d 358, 361 (6th Cir. 1984); *Plus Prods. v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1004-05 (2d Cir. 1983). Since tacking presents an equally (and perhaps greater) fact-intensive inquiry as the similarity of marks factor, it follows, *a fortiori*, that tacking must present an issue of fact.

Although sole reliance on a judicial side-by-side comparison is improper in a likelihood of confusion analysis, courts such as *Van Dyne-Crotty* have sanctioned tacking analysis based on that very approach, *see Van Dyne-Crotty*, 926 F.2d at 1159, inviting subsequent courts to substitute judicial impression for commercial impression. For example, the Federal Circuit has stated that because "[n]o evidence need be entertained other than the visual or aural appearance of the marks themselves," tacking is a question of law. *Dial-A-Mattress*, 240 F.3d at 1347. Tacking, however, requires more than

a theoretical inquiry, as it concerns how consumers actually perceive the marks as those marks are used in the marketplace. Analyzing nothing more than the visual and aural appearance of the marks completely eliminates the marketplace realities, and results in no more than a subjective and, often, seemingly arbitrary, tallying of the similarities and differences of the marks.

*Third*, the judicial side-by-side trademark comparison that has occurred in some tacking cases has been deemed improper in the somewhat analogous "similarity of the marks" prong of the digits of confusion analysis. *See, e.g.*, *Sabinsa Corp. v. Creative Compounds, LLC*, 609 F.3d 175, 183 (3d Cir. 2010) ("The proper test is not a side-by-side comparison but, rather, whether the labels create the same overall impression when viewed separately." (internal quotation marks; citation omitted)); *Hornady Mfg. Co. v. Doubletap, Inc.*, 746 F.3d 995, 1002 (10th Cir. 2014) ("[I]n its comparison of the marks, the court is not free to focus solely on name similarity. The court must consider the effect of marketplace presentation, including lettering styles, logos and coloring schemes." (internal quotation marks; citations omitted)); *Peoples Fed. Sav. Bank v. People's United Bank*, 672 F.3d 1, 13 (1st Cir. 2012) ("[S]imilarity is determined on the basis of the total effect of the designation, rather than a comparison of the individual features." (internal quotation marks; citation omitted)).

### E. Courts May Continue to Serve a Gatekeeper Function by Resolving Threshold Tacking Issues As a Matter of Law

Although resolution of a tacking claim is factual, a court may perform a "gatekeeping function" to determine whether tacking may even be considered. Courts must screen for the existence of any legal barrier that would preclude an altered mark from being tacked to its predecessor mark(s).

While trademark law is largely centered around the factual inquiry of consumer impression, several facets of trademark law fall within a court's domain. As relevant here, a court may analyze the alleged mark(s) to evaluate potential legal bars to such marks' ability to function as protectable trademarks. If either the original or the altered mark is unprotectable or if the only feature resulting in continuity between the two marks is legally unable to be accorded any trademark significance, the tacking claim must necessarily fail as a matter of law.[8]

For example, a mark may be altered in such a way as to render it invalid as a trademark, such as through the addition of a protected word, initial, or symbol. *See, e.g.*, 36 U.S.C. § 21705 (precluding use of the name "American

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8. Only a minority of tacking cases will present a dispositive threshold issue that would bar the trier of fact from deciding whether the altered mark and its original incarnation create an enduring and identical impression in the eyes of the consumer. *See, e.g., Dial-A-Mattress*, 240 F.3d at 1348; *Hess's of Allentown, Inc. v. Nat'l Bellas Hess, Inc.*, 169 U.S.P.Q. (BNA) 673, 677 (T.T.A.B. 1971); *Pro-Cuts v. Schilz-Price Enters., Inc.*, 27 U.S.P.Q.2d (BNA) 1224, 1226-27 (T.T.A.B. 1993).

Legion"); 36 U.S.C. § 30106 (precluding use of variations of "Big Brothers" and "Big Sisters"); 18 U.S.C. § 707 (precluding use of the name "4-H Club" and green four-leaf clover insignia); 36 U.S.C. § 220506 (precluding use of Olympic names and symbols); 22 U.S.C. § 2518 (precluding use of the name "Peace Corps"); 18 U.S.C. § 706 (precluding use of Red Cross name and emblem). Similarly, it is an established principle of trademark law that the addition of ".com" to an otherwise generic domain name does not alter the character of the name, and repetition of a generic name does not render such name non-generic. *In re Hotels.com*, 573 F.3d 1300, 1304 (Fed. Cir. 2009) (holding that "the generic term 'hotels' did not lose its generic character by placement in the domain name HOTELS.COM"); *In re Litehouse, Inc.*, 82 U.S.P.Q.2d (BNA) 1471, (T.T.A.B. 2007) (holding that repetition of a descriptive term did not render the mark non-descriptive).

Likewise, where a mark's only asserted linking element is alleged to be functional, the court should rule on the functionality issue before addressing tacking. While a trier of fact could find, for instance, that a party's prior use of a certain color creates a continuing commercial impression between a later mark and its predecessor mark, such color combination could be deemed functional as a matter of law based on the evidentiary record and therefore precluded from being accorded any trademark significance. *See, e.g., Warner Lambert Co. v. McCrory's Corp.*, 718 F. Supp. 389, 396 (D.N.J. 1989) (explaining functionality doctrine and holding amber color of mouthwash likely functional).

In sum, the role of the court in tacking cases is to determine whether the marks to be tacked are capable of continuous trademark protection in light of applicable trademark legal principles. If no legal bar to such protection exists, the question of tacking should be presented to the finder of fact to determine whether the marks create the same commercial impression.

## CONCLUSION

For the foregoing reasons, the decision of the United States Court of Appeals for the Ninth Circuit should be affirmed.

Respectfully submitted,

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